REPORT
OF
ILLINOIS PENSION LAWS COMMISSION
1918-1919

A Proposed Standard Plan for a Comprehensive and Permanent System of Pension Funds

(Printed by Authority of the State of Illinois)

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ACT PROVIDING FOR CREATION OF THE ILLINOIS PENSION LAWS COMMISSION, AND DEFINING ITS POWERS AND DUTIES

The following act was passed by the Fiftieth General Assembly of the State of Illinois, and approved by the Governor on June 14, 1917.

AN ACT providing for the creation of a commission to be known as the Illinois Pension Laws Commission, and defining the powers and duties of such Commission.

Section 1. Be it enacted by the People of the State of Illinois, represented in the General Assembly: That there is hereby created a commission to be known as the Illinois Pension Laws Commission, to consist of four members, one of whom shall be a representative of one of the public pension funds of this State heretofore created by law, the other three of whom shall be persons not interested in any of the said pension funds and one of whom shall be a person versed in financial affairs, one a person of actuarial experience, and one a person of legal attainments who shall be chairman of the commission, all of whom shall be appointed by the Governor to hold office as members of said commission until the convening of the Fifty-first General Assembly, at which time said commission shall go out of existence.

Section 2. It shall be the duty of said commission to further investigate the operation of all pension laws heretofore enacted in this State; to gather all further available information as to the present and probable future cost of maintaining the funds created by said laws and to collect all further available information in regard to the operation of similar laws in other states and countries. The commission shall report the results of its investigations together with any recommendations it may see fit to make, to the Governor not later than December first, 1918, for transmission to the Fifty-first General Assembly.

Section 3. The commission shall have power to call upon the Insurance Department and all other departments of this State for such assistance as it may require, and to employ one or more actuaries, a clerk, a stenographer, and such other assistance as it may require. It shall also have power to examine the books of all present public pension funds now existing by law, to compel the production of all books and papers belonging to any of said funds, to administer oaths and to take the testimony of all witnesses necessary for the purposes of this Act.

Section 4. The expense of said commission, including a reasonable per diem to the members thereof not to exceed ten dollars per day for time actually spent in such investigation, shall be paid out of funds to be appropriated for that purpose upon vouchers drawn upon the Auditor of Public Accounts, properly itemized and certified to by the chairman of the commission and approved by the Governor.

MEMBERS AND STAFF OF THE ILLINOIS PENSION LAWS COMMISSION, 1918-1919

On December 19, 1917, His Excellency, Governor Frank O. Lowden, appointed as members of the Illinois Pension Laws Commission:

John P. Dillon, of the Bureau of Streets, and the Municipal Employes' Pension Fund, Chicago.

Rufus C. Dawes, president of Dawes Brothers, Incorporated, Chicago.

Henry L. Rietz, then Professor of Mathematical Statistics at the University of Illinois, Urbana, now professor and head of the Department of Mathematics at the State University of Iowa, Iowa City.

And as Chairman of the Commission:

George E. Hooker, Civic Secretary of the City Club of Chicago.

Messrs. Dillon, Rietz, and Hooker had served as members of the Illinois Pension Laws Commission of 1916.

On February 15, 1918, the Commission appointed as its Staff Actuary, Donald F. Campbell, Professor of Mathematics at Armour Institute of Technology, Chicago, and insurance actuary, room 640, 76 West Monroe street, Chicago.

Dr. Rietz served on the Commission's staff as Consulting Actuary.

On February 15, 1918, the Commission appointed as its Secretary, Herbert E. Fleming of the Efficiency Engineering staff of Arthur Young & Company, Industrial Engineers and Certified Public Accountants, Chicago.

On February 5, 1919, Hon. Edward J. Brundage, Attorney General, assigned George E. Dierssen, Assistant Attorney General, as Special Counsel for the Commission.

LETTER OF TRANSMITTAL

To His Excellency, the Honorable Frank O. Lowden, Governor of the State of Illinois, Springfield.

The Illinois Pension Laws Commission, authorized by an Act of the Fiftieth General Assembly, approved June 14, 1917, to make certain investigations and recommendations concerning the pension laws of Illinois, submits herewith its report, including a detailed description of a proposed Standard Plan for a Comprehensive and Permanent System of Pension Laws.

Respectfully submitted,

George E. Hooker, *Chairman.*
Rufus C. Dawes,
John P. Dillon,
Henry L. Rietz.

Chicago, Illinois, April 28, 1919.

FROM THE GOVERNOR'S MESSAGE

Governor Frank O. Lowden, in his message, delivered in person at Springfield on January 8, 1919, to the Fifty-first Illinois General Assembly, discussed the pension situation in Illinois and its municipalities. Governor Lowden based his statement on a Memorandum of the Findings and Recommendations of the Commission which had been submitted to him at his request in December by the Commission. This section of Governor Lowden's message was as follows:

"A commission was created by your Honorable Body to investigate and report upon the subject of pensions for certain classes of public employes.

"This commission has made a very exhaustive study of the subject. I will submit its full report to you later. Among other things, however, that commission has found that nearly all, if not all, of the several pension funds created by the different municipalities of the State, as well as by the State itself, are hopelessly insolvent. These funds were established with wholly inadequate provisions for their future. The contributions made by the employes and by the municipalities or State, were altogether insufficient to meet the obligations which the municipalities and the State have incurred, morally at least.

"I recommend that your Honorable Body give its fullest consideration to this entire subject. Either these pension systems should be discontinued altogether, or the State should require that they be based upon sound actuarial principles."

CHAPTER I

GENERAL INTRODUCTION

ADOPTION OF A PROPOSED STANDARD PLAN FOR A COMPREHENSIVE AND PERMANENT SYSTEM OF PENSION FUNDS IS THE CHIEF CONSTRUCTIVE RECOMMENDATION

Would Replace Unsound Systems Under the Fifteen Present Pension Laws of Illinois

A proposed Standard Plan for a comprehensive and permanent system of pension funds to replace the unsound systems under the present pension laws for public employes in Illinois, is the chief constructive outcome of the work of the Commission.

Our central recommendation is the immediate adoption of the Standard Plan, first, for the reconstruction of all the existing pension funds; second, for the establishing, by a legislative act, of any new fund where the employes and employing bodies concerned join in a demand for the introduction of a pension system.

To these ends, for the assistance of the Governor and the General Assembly, we have included in this report not only findings on the deficiencies in the existing pension funds when their promised benefits are compared with their promised revenues, and not only expository chapters on the proposed Standard Plan and on the trend in other states toward actuarially sound pension legislation, but also the Standard Plan in Detail—the Provisions of a Bill for a Code on a Comprehensive System of Pension Funds.

Builds on Investigation of 1916 Commission

These recommendations are the outgrowth of the work of both the present Commission and the Illinois Pension Laws Commission of 1916. Three of the four members of the 1918-19 Commission, including the actuary member, were members of the 1916 Commission. The same staff actuary served both Commissions. The present Commission has built on the foundation laid in the investigations, hearings, and findings of the former Commission. The work of the former Commission was chiefly investigational. That Commission did, how-

ever, outline the underlying principles of a sound pension sys The present Commission has supplemented the investigational ..ork of the former Commission. But it has devoted its efforts chiefly to the constructive work of creating the proposed Standard Plan for meeting the situation disclosed in the 1916 investigation.

Existing Pension Funds Financially Insecure

The main finding of the 1916 Commission was that from an actuarial point of view the funds under the fifteen present pension laws of Illinois were unscientific and unsound financially.

The present Commission has further developed the outstanding fact of the precarious financial future of the pension funds under the present laws. This Commission has given additional study to the fact that there is a vast difference between the cost of the benefits promised under the present pension laws for public school teachers, policemen and firemen and their widows, municipal and other employes on the one hand, and on the other hand the amount of money that can be raised under the provisions of these laws to meet these pension promises. The financial provisions are inadequate. On this basis, each of these funds with perhaps one minor exception shows a deficiency and faces an increasing deficiency. In the larger Chicago funds such deficits amount to many millions of dollars.

Present Pension Laws Lack Uniformity and Are Not Comprehensive

Another finding of the Commission of 1916, brought out again and emphasized in the work of the Commission of 1918-19, is that there is a lack of uniformity in the present pension laws. The existing pension legislation may fairly be described as a patchwork. All of these laws make some provision for the hazard of old-age inefficiency. Some make provision for the hazard of disability from accident or illness. A few make some provision for the hazard of death. Each either lacks provision or has inadequate provision for accumulating, while service is being rendered, reserve funds with which to meet the pension obligations when they mature. All lack provision whereby the individual employe, required to contribute to a pension system, has from the start a definite amount to his credit, exclusively his own, which is certain not only to grow steadily from month to month but also to be sufficient at the proper time to provide the promised annuity. All of the present laws are open to the abuse of diversion of contributions from the purposes for which they were originally intended.

Full List of Present Pension Laws for Public Employes

The fifteen pension laws for public employes in the state, municipal, county, and teaching services of Illinois, listed by the classes of the employes respectively concerned and given in the order of the original legislation, are as follows:

(1) **Chicago Policemen—1874.** (1874 and 1877—general; 1887—cities 50,000 and over; 1915—200,000 and over.)
(2) **Chicago Firemen—1874.** (1874 and 1877—general; 1887—cities 50,000 and over; 1917—200,000 and over.)
(3) **Policemen in Cities of 5,000 to 100,000—1874.** (1874 and 1877—general; 1887—50,000 and over; 1909—20,000 to 50,000; 1913—9,000 to 50,000; 1917—5,000 to 100,000.)
(4) **Policemen in Cities of 100,000 to 200,000—1874.** (1874 and 1877—general; 1887—50,000 and over; 1915—cities over 200,000 put under another law; 1917—cities from 5,000 to 100,000 put under another law.)
(5) **Firemen in Cities of 5,000 to 200,000—1874.** (1874 and 1877—general; 1887—50,000 and over; 1907—5,000 and over; 1917—5,000 to 200,000.)
(6) **Chicago Teachers—1895.** (Separate from public school employes since 1903.)
(7) **Chicago Public School Employes—1895.** (Separate from teachers since 1903.)
(8) **Chicago Public Library Employes—1905.**
(9) **Chicago Municipal Employes—1911.**
(10) **Chicago House of Correction Employes—1911.**
(11) **Chicago Park Policemen—1911.**
(12) **Peoria Teachers—1911.**
(13) **State Teachers—1915.** (Optional law for school districts of 1,000 to 100,000 from 1911 to 1915.)
(14) **Cook County Employes—1915.**
(15) **State Institutions' Teachers—1917.**

Legislators Receive Petitions for Pension Legislation at Session After Session

From the employes interested in the funds under these pension laws, there come to the General Assembly at each biennial session a great variety of petitions requiring for expeditious and proper consideration a well-defined pension policy and also the figures resulting from complex and intricate actuarial calculations. In view of the present condition of the pension laws, these petitions place the General Assembly in a very trying position. They create at each session an acute situation on pension legislation. They ordinarily look to an extension of benefits under the law. The kinds of changes sought are: (1) To increase the classes of beneficiaries. (2) To lower the age for retirement on pensions. (3) To increase the amount of pensions. Often no accompanying provision for meeting the cost of the extended benefit is proposed. Such extensions are an abuse in that they create new liabilities, involving for the pension system concerned: (1) A diversion of funds from the purposes for which they were originally

contributed; and (2) An increase in the discrepancy between its assets and liabilities.

Other petitions come to the Legislature at each session for one or more groups of employes in branches of the public service where pension systems have not been introduced.

Hitherto the General Assembly has had no accepted standard for use in judging these proposals. The Commission hopes that the proposed Standard Plan will fill this lack.

Larger Aspects of the Pension Problem

Even if the Legislature did not receive requests for pension legislation, the State would still have a pension problem. It grows out of underlying economic conditions. Fundamentally, the pension problem for the State is that of providing a sound system to meet the three hazards of old-age inefficiency, death, and disability, as those hazards affect the public employes, their families, and the public service. For the public as an employer, the problem is to promote efficiency in the service by making provision not only for continuity in employment, but also for the retirement of employes when overtaken by old-age inefficiency or by disability during their earlier years. Economically, the problem is to assure that during the productive years of the employe's service there shall be laid aside on his behalf the amounts that may be required during his non-productive period for the needs of himself and his wife and children, or parents, dependent on him for support. For the State as a promoter of the general welfare, the pension problem is to construct, for its own employes, a pension system that will serve as a model for the needs of the employes of privately owned industrial and business organizations.

However, the existing legislation registers the fact that it has become the public policy of Illinois to provide pension systems for public employes having tenure in the service during good behavior and efficiency. The immediate problem for our State is not the introduction of pension systems for public employes, but the reconstruction of existing systems on a sound and just basis. This is required so that there will not be a recurring need to amend the pension laws at each succeeding session of the Legislature. It is required above all to assure the permanence of the pension funds.

The Commission has accordingly concentrated on constructing A Standard Plan for a Comprehensive, Permanent System of Funds for Old-Age Retirement Annuities, Life Insurance Convertible Into Widows' Annuities, and Sickness and Accident Insurance.

Some of the Principal Features of the Proposed Standard Plan

The central feature of the proposed Standard Plan is that under it there would be accumulated for each employe during his years of service and on the basis of his age at entrance, an amount sufficient to provide for him, when he reaches an age called the standard age of retirement, an annuity for the remaining years of his life of an amount equal to a definite percentage of his highest salary. These accumulations would accrue from contributions made by the public as employer and by the employe, at a fixed ratio.

Annuities for widows of employes dying before attaining the standard age of retirement, and survivorship annuities to be available for widows of employes dying after that age, would also be provided. This would be done in part through conversion of the accumulations for old-age retirement annuity and in part through life insurance provided under the Standard Plan. This life insurance in amount definitely related to the employe's salary would be in force throughout his service and would be paid up at the standard age of retirement. But the life insurance feature would be optional for all women employes and for male employes not paid on a yearly basis. In the event of an insured employe's death before attainment of the standard age of retirement, the widow's annuity would be provided from three sources: (1) his life insurance; (2) the accumulations from his own contributions for old-age retirement annuity; and (3) the accumulations from the contributions by the public as an employer on his behalf for old-age annuity—the third source to be drawn upon only in case the amounts from the first two sources are not sufficient to provide the standard amount of annuity for the widow. The survivorship annuity, of an amount to be determined at the employe's attainment of the standard age of retirement and on the basis of the age of his wife, would be provided solely by the accumulations for his life insurance. The amount of the survivorship annuity would be determined in relation to a standard based on the normal difference in ages of a husband and wife, and a definite percentage of the employe's highest salary.

Under this plan reserves would be accumulated from contributions and interest so that when annuities promised at either the retirement or the death of an employe fall due, the money would be on hand to pay for them. In this way public employes' pension funds, so far as their main purposes are concerned, would be put on the basis on which legal reserve life insurance under state regulation has been permanently established.

This can be done with certainty through the practical application of actuarial science. The average expectation of life of persons arriving at a given age is known from well-established tables of mortality. The actuaries can tell the amount that must be on hand at a given retirement age for each one in a large group, where the law of averages applies, so that each can be assured of getting an annuity of a certain percentage of his salary for the rest of his life.

The Plan makes provision for retirement or withdrawal from the service under a variety of conditions other than the standard conditions. It would authorize an employe arriving at an age called the minimum age of retirement—five years below the standard age of retirement—to retire on an annuity of such an amount as the reserves to his credit would provide. Moreover, an employe leaving the service after ten years of service could let his contributions and those of the public on his behalf, remain in the fund until he reached the minimum age of retirement, when he could claim certain equitable retirement benefits. Likewise, on leaving the service he would be permitted to conserve his interest in the life insurance accumulations under the Plan.

Furthermore, while the Plan makes contributions compulsory, it provides complete refund rights as to each employe's contributions for old-age retirement annuity and for life insurance in case he leaves the service at any time for any cause.

Present Pensions Assured to Present Employes and Pensioners

This plan has been worked out in the first instance for future entrants; that is, for employes entering the service after it takes effect. Then it has been modified for the present employes. For them it provides that the public as an employer should make up the contributions that would have been made by the public on the basis of their respective ages at entrance had the Plan been in effect throughout their service. It would require the present employe to contribute under its terms. But it provides that if his age is such that his contributions plus those of the public would not provide him accumulations sufficient to yield a pension equal to that which he would be entitled to under his present pension law on attaining the minimum age of retirement, he would be guaranteed the pension promised him under the present law. Present pensioners also would receive their present pensions.

The Plan furthermore calls for disability benefits. It provides for extra compensation by the employer to the employe disabled directly as a result of the performance of duty. It also calls for sickness and accident insurance, to be provided jointly by the employes and the public as an employer, for the present on an annual assess-

ment basis, although it ultimately looks to having a reserve system also for this feature.

Commission Meetings and Public Hearings Held

In working out the Standard Plan and its recommendations, the Commission, since its appointment by the Governor, on December 19, 1917, has held eighty-six meetings. Many of these lasted for eight hours.

Two series of public hearings were also held, subsequent to the eightieth meeting. A "Special Preliminary Statement" in pamphlet form was, as it announced on its cover, "issued as a basis for public hearings for citizens, public employes and public officials on the proposed Standard Plan for a comprehensive and permanent system of pension funds." This pamphlet embraced Chapters II, III, and IV, of the present report. It also included an introductory statement. This said that the Commission, before perfecting its conclusions and submitting its final report to the Governor, for transmission to the General Assembly, desired to secure from citizens, public employes and public officials "any constructive criticisms they may have to offer on the proposed plan."

Four evening hearings were held for those interested in pension funds in Chicago. Four hearings extending through a Saturday forenoon and afternoon were held for those interested in pension funds outside of Chicago. A special evening hearing was also held on a proposed pension fund for park employes other than policemen in the large park systems in Chicago. These hearings were held, through the courtesy of the Chicago public school authorities, in the meeting room of the Chicago Board of Education. All of the hearings were well attended.

All criticisms and suggestions received at these hearings, and at other times, were carefully considered by the Commission, and several important changes were made in the Standard Plan, before completing this report.

Wide Demand for Information on Reserve System

One result of the hearings was the awakening of a statewide interest in the subject of an actuarially sound pension plan. Although the Commission issued a large edition of the Special Preliminary Statement, it has received so many requests for copies that it could not meet the demand for them. An incidental recommendation of the Commission is that the General Assembly provide further for the dissemination of information concerning a sound pension system.

It would be desirable for those interested to read in connection with this report, the report of the Pension Laws Commission of 1916, which shows minutely the insolvency, as of January 1, 1916, of the pension funds in Illinois. We are advised by the Secretary of State that there are in his department many copies of the report of the Pension Laws Commission of 1916 and that he will cheerfully send copies to interested inquirers.

State Regulation of Private Pension Funds Discussed

The Commission, incidental to a chapter on industrial and institutional pension systems, submits a recommendation for consideration of state regulation of pension funds of industrial, mercantile, financial, and public utility corporations so as to require the accumulation of reserves for the pension benefits promised under those funds. This looks toward the day when there may be a universal system of pension funds for all employes, public and private, under which every employe would have accumulations in some pension fund with a right to transfer his reserves to any other fund in case of transfer from one employment to another. The Commission recommends, however, that the probable remoteness of such an accomplishment should not be permitted to stand in the way of the immediate reconstruction of the pension funds of Illinois for public employes along the lines of the proposed Standard Plan.

CHAPTER II

MEMORANDUM ON FINDINGS AND CONSTRUCTIVE RECOMMENDATIONS OF THE ILLINOIS PENSION LAWS COMMISSION

SUBSTANTIALLY AS SUBMITTED TO THE GOVERNOR, IN RESPONSE TO HIS REQUEST, BY ORDER OF THE COMMISSION, DECEMBER 14, 1918

Pension Funds Under Fifteen Present Laws Are Insolvent

The insolvency of the pension funds under the fifteen pension laws of Illinois for teachers, policemen, firemen, and other civil service employes, is a matter of grave concern. These acts have been built up blindly. The liabilities under them have crept up almost imperceptibly, as the service given by the public as an employer has expanded. Through these laws the state and many of its municipalities today are in effect in the position of holding out dishonest promises to the men and women in the employ of the public. On the basis of lack of provision to finance pensions promised, the major existing funds have deficiencies running up into the millions.

Even when credit is given for the perpetual continuance of receipts from taxation as at present, the deficit of the policemen's fund of Chicago is $21,000,000, and that of the firemen's fund $7,000,000.

When present employes and present pensioners are considered, the deficit on the Chicago Teachers' fund is about $6,000,000,* and that of the Municipal employes about $5,000,000.**

The statewide public school teachers' fund similarly is headed in the direction of a large deficit. The police and fire funds of the cities outside of Chicago are too small to be sound financially.

Under existing plans, the funds contributed by the employe and by the public on behalf of an employe are not allocated to be held for the benefit of such employe upon his fulfillment of the conditions

*See Report of Illinois Pension Laws Commission of 1916, Page 146; and Page 134 for effect of future entrants in reducing the deficit.

**See Page 232 this Report for assumptions as to ages of retirement and for effect of future entrants in reducing the deficit.

entitling him to a pension. The contributions are thrown together without regard to the equities of the individual. This way of financing a pension system whose promises run many years into the future is unsafe from the standpoint of security and solvency of the system. Thus it is not only the present financial condition of the funds that should be considered but the fact that the fundamentals of the plan of financing are unsound from the standpoint of keeping the funds solvent, even if they should be put into a solvent condition at a particular time.

Situation Calls for Three Kinds of Insurance in One System

Three hazards are dealt with in some fashion, each either in all or in some of the existing pension laws, namely: (1) old-age inefficiency; (2) death; and (3) disability from sickness and accident. The situation they reflect calls for three classes of insurance: (1) old-age retirement annuities; (2) life insurance primarily to provide annuities for widows; and (3) sickness and accident insurance.

Furthermore, it calls for provisions on each of these three subjects for both employes entering the service in the future, on whose behalf an ideal plan could be worked out readily on a sound basis, and also for present employes, on whose account there are huge accrued liabilities. Both the problem of dovetailing the three kinds of insurance and the problem of fitting together the provisions for present employes and future entrants, are technical and intricate.

Commission Strives to Deal With Problem in a Broad Way

The Illinois Pension Laws Commission of 1918, appointed by the Governor, pursuant to an act of the last General Assembly, has worked persistently, having held some seventy prolonged sessions during the past year, in an effort to build a constructive plan for the solution of this complex and pressing problem. It has built on the foundation laid by the investigations of the Pension Laws Commission of 1916. The Commission has brought to its task a composite point of view, as called for by the act, made up from the respective standpoints of its lawyer-chairman, financier, employe and actuary members. The Commission was assisted by a professional insurance actuary serving as its staff actuary, by an efficiency-engineering-staff-member serving as its secretary, and by special counsel appointed by the Attorney General.

The Commission has endeavored to look at the problem in a broad way. It has looked at the problem as one involving the promotion of efficiency in the service of the public as an employer, as one comprising a subdivision of the general problem of democracy

in the adjustment of the relations of employer and employe in organized industry, and as one whose solution will further the widespread movement for social insurance and will in many ways contribute substantially to the public welfare. In rounding up the work on its report, the Commission has deemed the atmosphere of reconstruction days after the great war for democracy as especially favorable to the fruition of its work.

Recommends Standard Plan for Combined, Comprehensive and Permanent Annuity and Insurance System

The Commission recommends the enactment of a law or code for "A Standard Plan for a Comprehensive and Permanent, Consolidated System for Old-age Retirement Annuities, Life Insurance Providing Widows' Annuities, and Sickness and Accident Insurance for Employes of the Public in Illinois."

Six of the great objectives in such a move would be: (1) to reorganize all existing pension funds so as to put them on a sound and secure financial basis; (2) to provide both a standard for future pension legislation and a consolidated system to which any new fund could be joined at the outset; (3) to extend the opportunity of participating in the system to members of small groups of employes; (4) to reduce to a minimum the tendency to change the pension laws and benefits at the sessions of each succeeding General Assembly; (5) to provide efficient administration in which the public and its employes will co-operate, and also state supervision of the affairs of all the funds in the system, so as to insure proper care of moneys and property, safe investments, and correct disbursements; and (6) to protect individual equities and to make certain the realization of promised benefits.

Actuarial Science Shows Balance Sheet for the Future

All this is possible through the help of actuarial science. The Commission, therefore, has relied much on actuaries, whose profession it is to make practical application of the science of mathematics to interpreting mortality tables and determining the probable average length of life for individuals of different age groups—in short, to calculating risks. For example, from the American Experience Table of Mortality, in common use by legal reserve life insurance companies under the regulation of the State, it is calculated that 33 per cent of the employes entering the service at age 30 will die before reaching age 60, or that 67 per cent will live to age 60, which may be regarded as the normal age when old-age inefficiency begins to be felt. According to the same table, the average length of

life still to be enjoyed by those living at age 60 is somewhat more than 14 years.

The actuaries calculate that it takes $6060.60 on hand for each employe retiring at age 60 to provide him an annuity of $600 a year. This calculation is on the basis of the above named table of mortality and 4 per cent interest. In the same way they show that it takes $626.92 to provide paid-up life insurance of $1000 at age 60. This is on the basis of that table and 3½ per cent interest. They also calculate the reserves needed to equalize insurance payments between youth and old-age to keep in force a given amount of life insurance. Finally they calculate the annual instalments required as payments throughout the period of service to provide the funds needed to pay all of the benefits that are promised to the respective beneficiaries.

Consequently, it is practical to have a balance sheet for the future of the whole system.

Reserve Basis the Outstanding Feature of the Standard Plan

The Standard Plan proposed by the Commission is what the actuaries and other insurance men call a reserve plan. It calls for the accumulation of funds toward old-age retirement annuities, and toward life insurance for widows' annuities, from year to year while service is being rendered, and while these liabilities which will mature in the future are being incurred. It requires that these accumulations be sufficient in amount to provide the reserves necessary to pay the annuities when promised. It also provides for sickness and accident insurance on a yearly-contribution basis, but looks to the time when the experience statistics will afford a guide to a reserve basis for this risk as well as the others.

The plan joins provisions for the various benefits in the same chain. This can be done by reason of the fact that the sum accumulated towards the reserve for the old-age retirement annuity of a given employe, together with the amount yielded by his life insurance, may be converted into a reserve to use for a widow's annuity, including in some cases a survivorship annuity, without any harm to the interests of any other employe.

The Standard Plan calls for the keeping of individual accounts as to each employe. It requires that the reserves for the annuities and life insurance for each employe shall be accumulated on the basis of his age at entrance with relation to a table of mortality to be described in the act, and at prescribed rates of interest.

All this is in contrast with the provisions of the existing pension systems which merely provide for the payment of the pensions as

they fall due by means of expected annual appropriations against tax levies and by means of deductions from the employes' salaries.

Scale of Benefits Under the Standard Plan

The old-age retirement annuities and the paid-up life insurance would be provided in the typical case under the Standard Plan at an age called the standard age of retirement. This is fixed at 60 years in most of the occupations and at 55 years in the police and fire services. Provision also is made for giving retirement annuities on the basis of what the accumulated funds will provide, at an age five years lower than the standard age of retirement and called the minimum age of retirement. Other variations based on varying conditions are also proposed, with a view to meeting all the important classes of cases that are possible. But these variations exclude increases in the amount of annuity for employes staying in the service after the standard age of retirement, the object being to encourage the actual retirement of aged employes when their efficiency has declined below the standard of youth and middle age.

The proposed amount of the retirement annuities in the typical case would be 40 per cent of the employe's final salary, except that for policemen and firemen it would be 50 per cent of final salary. But any salary above $2500 would not be counted in any connection under the system.

The amount of the life insurance benefit would be equal to 1¾ years' salary for policemen and firemen and 1¼ years' salary for other employes, it being left optional for women in the service and for employes not paid on an annual basis to take insurance in the system. This is paid-up life insurance at the standard age of retirement. The feature of relating the life insurance to the year's salary and of having it paid up at the standard age of retirement is unique.

Widows' annuities, widows' survivorship annuities, and children's annuities are provided for under the plan. The differences between widows' annuities and widows' survivorship annuities form a contrast which has been kept in mind. The widow's annuity is one as to which the amount of the annuity is settled after the employe's death. The widow's survivorship annuity, in contrast to this, involves benefits in amounts which are settled while both husband and wife are alive—one amount to be paid annually to the husband until his death, and another amount to be paid to the widow annually during her life in case she survives him.

One feature of the provisions of the plan is that in the event of the death of an employe before attaining the standard age of re-

tirement, the widow, in the case, which is average as to the relative ages of husband and wife, gets an annuity in amounts running up to one-fourth of her husband's salary if he was a fireman or policeman, and to one-fifth of his salary if he was an employe of any other class.

Another feature is that the amount of life insurance for the employe is such that when his life insurance certificate is surrendered at the standard age of retirement its cash value will provide a survivorship annuity, in the average case, amounting to approximately 25 per cent of the salary in the case of firemen and policemen, and 20 per cent of salary in the case of other employes.

Benefits on account of disability from sickness or accident are provided for by the plan, but in the case of disability or death resulting from the performance of duty, are duly discounted by such amounts as are secured from the public as an employer under the Workmen's Compensation Act. In the case of ordinary disability from sickness or accident, these benefits amount to about 25 per cent of salary; in the case of disability from the performance of duty, the amounts range from over 69 to over 94 per cent of salary.

Contributions by Employes and by Public as Employer

The money with which to pay all these annuities and other benefits would be raised through regular monthly contributions by the respective employes and by the public as employer, through the State and the respective municipal corporations and other subdivisions of Government managing the service. To these contributions would be added interest, compounded annually.

The plan of contributions would be compulsory. The contributions of the employes would take the form of actual deductions from current salary. This would be a condition of the contract of employment. The contributions by the public would be amounts equal to certain percentages of the respective employes' salaries. The total percentage of salary thus contributed by and on behalf of each employe toward old-age retirement annuities and toward life insurance, would depend on his age at entrance to the service. However, limitations are set on the employe's contributions. These limitations are put at 4 per cent on account of retirement annuities and 2 per cent on account of life insurance. The Commission finds that this is all that it would seem wise or fair to require the employes to set aside from their current salaries under this system for compulsory savings. Then it finds that theoretically a ratio of one to one as between the contributions by the public as employer and by

the employe, under a system administered on a cooperative basis, would seem ideal. But the Commission recognizes that as a practical matter, in order to provide retirement annuities sufficient to meet the needs of the service, a different ratio is needed. The Standard Plan provides, therefore, that the public's contribution toward retirement annuities would be at the ratio of three to one in the case of the hazardous services—those of the policemen and firemen, and at the ratio of two to one in the case of the other civil service employes and the public school teachers. The ratio of one to one is provided as to the contributions for life insurance and sickness and accident insurance.

Refunds Are Provided

Refunds to employes withdrawing from the service through resignation or dismissal are provided for fully. In every case an employe, or his heirs in case of his death, would ultimately receive either in benefits or refunds every cent that the public requires him to contribute under the system.

Special Provisions for Extending the Standard Plan to Present Employes and Present Pensioners

The foregoing provisions of the Standard Plan both as to benefits and financing were worked out by the Commission for the employes who enter the service after the plan is put in force—that is, for future entrants, on whose account the system starts out new, without any liabilities. These would apply readily to the present employes who have been in the service for a comparatively limited number of years. But for the older present employes, especially for those who have been in the service for many years, there would be large accrued liabilities. These would be both actual liabilities under present laws on account of the respective employes in existing funds, and potential liabilities from the application of the benefit provisions of the Standard Plan to employes whose ages and years in the service are such that it is now no longer possible for them to contribute during any considerable period towards old-age retirement annuities or life insurance. However, the Standard Plan would give to the present employes, in so far as contributions by the employer are concerned, the same scale of benefits in relation to final salary as that provided for future entrants. That is, the public would treat all the employes alike in its contributions.

The plan would apply to the present employes so far as possible the same rates of required contributions as to new entrants, with the same limitation of 4 per cent on contributions for old-age re-

tirement and 2 per cent for life insurance. Then the employe at retirement would receive annuities of such amounts as could thus be provided by the combined contributions of the employer and himself. However, the plan includes a proviso, giving the present employe who has been a contributor to one of the superseded pension funds the option of taking instead of the benefits provided in the Standard Plan those promised in the old act under which he has served, and perhaps on account of which he has been led to stay in the service concerned. This option would run to taking in pension the amount prescribed in the old act, except that he would not become eligible to receive such a pension before the attainment of an age designated in the Standard Plan as the minimum age of retirement.

To finance these benefits for the present employes, the money would be drawn from three sources: (1) the accumulation from past contributions by both the employes and the public to the existing pension funds, except in so far as this is needed to provide for reserves for annuities to present pensioners upon the rolls of the respective funds; (2) future contributions of the present employes on the basis of their attained ages, with special provisions permitting the employe if he remains in the service after attaining the standard age of retirement, to continue contributing until the funds accumulated are sufficient to provide the same annuities for himself and his wife as would be provided in the case of a future entrant of like salary and period of service; (3) future contributions by the public as employer, including supplementary contributions to make up what the employer would have contributed toward old-age retirement annuity and life insurance reserves for the respective employes on the basis of their ages from the time they entered the service had the standard system been in operation.

In order to prevent the burden of this contribution on account of a deficit arising from the lack of a reserve system hitherto from falling on the public treasury at once, the Standard Plan would call for its payment by the appropriating body concerned in instalments running over a long period of years. These instalments would be specified for each fund. They would be so scheduled that after a series of years the supplementary funds thus required would be fully raised, on hand in the annuity and life insurance reserve accounts, and the contributions thereafter would be all purely on the basis of the provisions of the Standard Plan for future entrants.

The present pensioners in each of the existing pension funds would be provided for in so far as possible out of the assets of their own fund under the old systems, but when such assets are insufficient

the pensioners would be provided for from a prior annuitant's account to be maintained by the public as employer. This prior annuitants' account would be discontinued when the assets in it became equal to the reserves required to provide life annuities for the present pensioners.

Consolidation of Small Funds, Equalization of Risks, Centralized Supervision of the System

All of these benefits could not be financed for small groups of employes. Each fund must be for a group large enough for the law of averages to apply. Moreover, the risks of the several funds should be consolidated to the extent required to equalize for all the funds variations from the average in mortality; for example, cases of unusual length of life of those on pension.

The Standard Plan, therefore, in accord with the tendency of the times, recognizes and continues the consolidation now in force as between local school districts in the statewide teachers' pension and retirement system. It provides for more consolidation in two senses.

First, it would at once consolidate various existing funds. Outside of Chicago it would consolidate all of the policemen's funds in the smaller cities into one statewide policemen's fund. And likewise all of the firemen's funds in these cities into a statewide firemen's fund.

In the same manner it would consolidate the police funds of the three park systems of Chicago in one fund.

It would provide that in case of future legislation proposed for the civil service employes other than policemen and firemen in the cities outside of Chicago they should be provided for in one fund. The same would hold as to the employes of the same classes in the three park systems of Chicago.

Then, again immediately, it would consolidate with the Municipal Employes' Fund of Chicago, three small funds in that city—the Public Library Employes' Fund, the House of Correction Employes' Fund, and the fund of the Public School Employes other than teachers.

Second, the big consolidation would be a limited consolidation of the risks of all of the funds. This would be through a central state supervising board which would serve as an agency for the equalization of risks. This is a pioneer feature of the Standard Plan.

The consolidated funds thus to be joined in one system would be of two main classes—Metropolitan and Statewide.

The Metropolitan funds would include the funds in Chicago—the Public School Teachers' Fund, the Municipal Employes' Fund, the Firemen's Fund, the Policemen's Fund, the Cook County Employes' Fund, and the Park Policemen's Fund.

The Statewide funds would include the systems for services outside of Chicago. These would be the State Teachers' Pension and Retirement Fund, the Statewide Policemen's Fund, and the Statewide Firemen's Fund. These would also include any fund that might be established for civil service employes directly in the employ of the State.

Administration by Representative Local Retirement Boards and a Central State Supervising Board

For each of the big funds—the respective Metropolitan funds and the Statewide funds—there would be a local retirement board. The board for each Chicago fund would be made up of three employes to be elected by the employes concerned and two citizens to be appointed by the Mayor with the approval of the City Council of Chicago.

The board for each Statewide fund would be made up of three members elected by the employes concerned and two citizens appointed by the Governor with the approval of the Senate.

The central supervising board would consist of three members to be appointed by the Governor with the approval of the Senate.

Each local retirement board would control the investment of the funds contributed under its system, subject, however, to approval by the central supervising board. Moreover, the funds could be invested only in classes of safe securities specified in the law.

The central supervising board would control directly the investment only of such funds as would be turned over to it by the local boards for purposes of equalization of risks.

The respective local boards would carry out the details of collecting the contributions from and on behalf of the employes concerned, and of paying the benefits. But this would be done in accordance with regulations prescribed by the central supervising board, which would have powers of visitation, investigation, and correction. The local boards would keep records and make reports in the manner prescribed by the central supervising board.

Under this plan administration could be unified, standardized, and safeguarded.

Besides this the Standard Plan specifies the outlines of the bookkeeping system, calling for twelve specific funds to be kept by each

local retirement board, and three specific funds to be kept by the central supervising board. It stipulates that the interest accruing on the contributions by or on behalf of each employe shall be entered in his individual account at least once a year.

Moreover, it calls for the central supervising board to make actuarial investigations at frequent intervals and to report the results to the Governor, for publication and for use in the continued scientific development of the entire consolidated system.

Actuarial Reserve Systems Recently Established in Other States

The experience of New York, Massachusetts, and other states and countries with pension systems established in the dark as to future costs like those of Illinois, is similar to that of our State. Their funds came to face insolvency.

In recent years some reserve systems similar to that outlined for each of the Metropolitan and Statewide funds proposed for Illinois have been established in Massachusetts, New York, and Pennsylvania. So there is precedent for the foundations of the Standard Plan proposed by the Commission.

Supreme Courts Hold Pension Systems Promote Efficiency

The trend of the opinions of the Supreme Court of Illinois and of the Supreme Courts of other states, as shown in an exhaustive review of the judicial decisions on civil service pensions prepared for the Commission by a professor of law of the University of Illinois, is in support even of unsound pension systems, on the score that pension systems promote efficiency in the public service.

CHAPTER III

EXPOSITION OF THE MAIN PROVISIONS OF THE STANDARD PLAN FOR A COMBINED, COMPREHENSIVE AND PERMANENT ANNUITY AND INSURANCE SYSTEM FOR PUBLIC EMPLOYES

The purpose of this chapter is to set forth in concrete form the main provisions of the Standard Annuity and Insurance Plan which the Commission recommends. This plan has been designed to carry out the principles that underlie a sound pension plan. The factors involved are such that the plan is necessarily complex. No attempt is made in this chapter to give all the details involved in a complete technical description such as would be given in an act of legislation. The effort is rather to make clear the meaning of the main provisions by an outline of the plan followed with explanatory comments.

Employes to Whom the Plan Is Applicable

The plan when authorized by the State is immediately applicable to all public employes now included in pension systems. After adoption it would also be available to be applied by any legislature to all other employes whose permanency of tenure makes it desirable that they be included in a pension system.

Main Objectives of the Standard Plan

The main objectives of the Standard Plan are to apply sound principles in meeting the following classes of hazards:

1. Old Age Inefficiency.
2. Death.
3. Sickness and Accident.

These hazards are met by providing old-age retirement annuities, life insurance with annuities for widows as a special feature, children's annuities, and sickness and accident benefits.

Definitions

It is desirable to give definitions of some of the technical terms used in describing the proposed Standard Plan. These definitions are as follows:

The "standard age of retirement" in the public service is 55 years for policemen and firemen and 60 years for all other employes.

The "minimum age of retirement" is an age five years lower than the "standard age of retirement."

An "annuity" is a yearly payment, in monthly instalments, the duration of which is contingent upon some future event. In general, an "annuity" means a "life annuity," that is, one whose duration extends to the death of the annuitant. There are, however, exceptions. Thus, "children's annuities" terminate at a certain age. "Disabled employes' annuities" terminate upon recovery. "Widows' annuities" under certain circumstances terminate before death. The conditions under which annuities terminate before death will be made clear as this chapter is developed. As we use the expression, unless otherwise stated, an annuity of a certain sum means a payment of that sum per year in equal monthly instalments, the first payment being made at the end of the first month of the term covered.

A "future entrant" is an employe who enters the service after the proposed plan has taken effect.

A "present employe" is an employe who is in the service at the time the proposed plan goes into effect.

"Final salary" is the salary of the employe for the year preceding the date when he attains the standard age of retirement or the date when he retires if he retires before reaching the standard age of retirement.

A Plan for Future Entrants the First Step

We shall perhaps follow most naturally the development of the proposed plan by setting forth the provisions for future entrants; for, in this case the issues are not clouded with the existence of prior service given under no pension system or under an unsound pension system that has held out promises with little or no regard to the method by which funds are to be provided with which to pay pensions. If we first present a plan for future entrants we shall then be in a position to point out the modifications necessary to bring present employes under the system.

OUTLINE OF THE STANDARD PLAN FOR FUTURE ENTRANTS

The main features involved in the Standard Plan proposed by the Commission, providing for (I) old-age retirement annuities, (II) life insurance, and (III) sickness and accident insurance, are indicated in the following outline:

I. Old Age Retirement Annuities

1. Amount of Annuity—(a) When an employe retires after reaching the standard age of retirement, there is available an annuity

of 50 per cent of final salary in case the employe is a policeman or a fireman, and 40 per cent of final salary in case he belongs to any other branch of service, subject, however, to the condition that the employe was long enough in service and was receiving final salary long enough to permit the accumulation of sufficient funds to provide the annuity under the limitations on contributions and according to the plan of accumulations stated below. If, however, an employe is not long enough in service or does not receive the amount of his final salary long enough to accumulate the funds necessary to provide the full annuity, he receives an annuity of the amount which the accumulations to his credit when he reaches the standard age of retirement will provide at that age.

(b) When an employe retires at or after attaining the minimum age of retirement but before attaining the standard age of retirement there is available an annuity of such amount as the accumulations to his credit will provide.

(c) When an employe withdraws after more than ten years of service, there is available an annuity at or after the minimum age of retirement of such amount as can be provided by the accumulations from his deductions from salary described in Section 2 below, and one-tenth of the accumulations from contributions of the employer for each year of such employe's service in excess of ten until the total accumulations of the employer's contributions are available for such annuity. After the withdrawal of the employe, the interest rate on the accumulation is 3½ per cent instead of the regular rate which is 4 per cent, and the annuity provided is on a 3½ per cent interest basis.

2. Contributions by Employer and Employe — (a) Contributions Spread Over a Long Period of Time—To provide the old-age retirement annuity, the employer and employe contribute together percentages of salary varying with the employe's age of entrance into service and with the age at which increases in salary are obtained.

The amount to be contributed during each service year shall be such that the total sum necessary to provide the annuity will be accumulated within the first twenty-five years of service, provided that at no time the per cent of salary contributed shall exceed the per cent of salary specified below as a maximum contribution.

When the accumulations at the end of the twenty-five year period are insufficient to provide the normal retirement annuity, and the employe continues in service, contributions of the maximum limiting percentage of salary are continued until the necessary amount to

provide the normal annuity is accumulated, but all contributions by and for future entrants cease at the standard age of retirement.

In the normal case, the period of time during which contributions are made will be from the time of entrance into service to the standard age of retirement.

The percentage of salary contributed is that computed to be necessary to accumulate to the standard age of retirement an amount equal to the actuarial equivalent of the annuity prescribed above.

(b) Ratio of Amount Contributed by Employer and Employe—The employer and the employe contribute in the ratio of three to one to provide the old-age retirement annuity in case the employe be a policeman or a fireman, and in the ratio of two to one if he belongs to any other branch of the public service.

(c) Plan of Accumulation—Amounts contributed are held to the credit of the individual employe by and on behalf of whom the contributions are being made, and are accumulated at 4 per cent interest compounded annually.

(d) Maximum Limitation on Percentage of Salary Contributed for Old-Age Retirement Annuity—The limit on the contributions by any employe for old-age retirement annuity is 4 per cent of salary and the limit on the employer is fixed by this limitation on the employe and by the ratios specified in paragraph (b) above, at 12 per cent in the case of policemen and firemen, and 8 per cent in the case of other employes.

(e) Maximum Salary Used as a Basis of Annuities and Insurance—Any salary of $2,500 or more is counted as $2,500 in the determination of the amounts of annuities and insurance and of contributions.

3. Refund of Contributions with Interest — (a) In case an employe withdraws from service before he attains the minimum age of retirement, his equities are protected by a right to receive a refund of his deductions from salary with 4 per cent compound interest. If, however, he accepts such refund, he forfeits all annuity rights.

(b) In case an annuitant and his dependents who receive benefits through him do not together receive at least as much in benefits as the amount of accumulations at the standard age of retirement from deductions from salary, there is refunded to the heirs of such annuitant the balance of such accumulations.

(c) In case an employe withdraws from service or attains the standard age of retirement before giving ten years of service, he is

simply entitled to a refund of contributions made by deductions from his salary with 4 per cent interest compounded annually.

II. Life Insurance

1. Limited Payment Insurance—The insurance is provided under a limited payment plan, according to which it is paid up at the standard age of retirement.

2. Amount of Insurance—The amount of insurance is one and three-fourths of the yearly salary in case the employe is a policeman or a fireman, and one and one-fourth the yearly salary in case the employe belongs to any other branch of the public service.

3. Premiums for Life Insurance—The premiums for the life insurance are the level net premiums based on the American Experience Table of Mortality and 3½ per cent interest.

4. Method of Payment of Premiums—The employer and the employe are to contribute equal amounts toward the life insurance premiums during each year of service of the employe.

5. Conversion of Insurance Into a Survivorship Annuity for Wife—At the standard age of retirement the cash value of the insurance of the married male employe is converted into a survivorship annuity for his wife.

The amount of the annuity thus provided for a widow in the normal case will be 25 per cent of the salary of the deceased husband if he were a policeman or a fireman, and 20 per cent if he were otherwise employed.

6. Right of a Withdrawing Employe to Continue his Insurance—The withdrawing employe has the right to continue his insurance by assuming thereafter all the premium payments including those which, had he remained in the service, would have been payable from the employer, and 10 per cent added to the total for expenses.

7. Life Insurance Optional for Women, and for Other Employes Not Paid on an Annual Basis—It is left optional for women in the service, and for employes not paid on an annual basis to take the insurance in the system.

8. Maximum Limitation on Per Cent of Salary Contributed for Life Insurance—The limit on the contributions by any employe for the life insurance provided under this plan is 2 per cent of salary, and the contributions of the employer are similarly limited to 2 per cent of salary, by the general provision that contributions for life insurance by employer and employe are to be equal.

III. Sickness and Accident Insurance

1. When the Sickness or Accident Are Not the Direct Result of the Performance of Duty

(a) Amount of Benefit—Monthly payments equal to 30 per cent of the monthly salary of the employe during disability except in the event that the employe attains the standard age of retirement before recovery. These payments are subject to such deductions as are necessary to keep up the contributions required of the employe for the old-age retirement annuity and for his life insurance involved in the plan.

(b) Distribution of Contributions—To provide the sickness and accident benefits, the employer and the employe contribute equal amounts during each service year. The contributions of employes during each year are pro rated to the employes according to their respective salaries.

See comments below giving reasons for this distribution of contributions of employes.

2. When Disability Is the Direct Result of the Performance of Duty

In this case the monthly payment to the employe is equal to 75 per cent of the monthly salary and such payment is to be continued during disability except in the event that the employe attains an age five years beyond the standard age of retirement before recovery. Also, during the employe's disability, annuities are paid to his children under 18 years of age.

The employer provides the funds to pay these benefits and to keep up the disabled employe's contributions towards the old-age retirement annuity.

When the employe attains an age five years beyond the standard age of retirement, the disability benefit is discontinued and he receives thereafter the old-age retirement annuity provided for him.

IV. Benefits for Children of Employes Who Die While in Service or When Retired on Annuity and for Children of Those Disabled in the Performance of Duty

For each child of the blood of the employe in question there is paid up to age 18, if the mother survives, ten dollars per month, but this amount is reduced to five dollars per month between the ages of 14 and 18 when the child is not attending school. In each case if the mother is not living the child receives five dollars more per month than would be the case if the mother were living. This provision for

children is subject to the limitation on the total annuity that can be received by the widow and children of an employe. If death did not occur as the direct result of the performance of duty, the limitation is 50 per cent of the salary of the employe in the case of a policeman or a fireman, and 40 per cent in case of an employe belonging to any other branch of the service. If the death of the employe occurred as the direct result of the performance of duty, the limitation is 75 per cent of salary.

In the event that the employe is disabled in the performance of duty, the compensation to the employe and the children does not exceed the salary of the employe, less the amounts that would be paid by the employer during disability as contributions toward the old-age retirement annuity and the life insurance of the employe.

V. Method of Administration

1. Retirement Board—Each fund is administered by a Retirement Board consisting of five members, three of whom are employes or annuitants of the fund and are elected by the employe contributors to and annuitants of the fund. The other two members are appointed by the employing authorities.

2. State Board of Trustees—The plan provides for a Board of Trustees of three members to be appointed by the Governor with the approval of the Senate. The chief duties of this Board of Trustees are to supervise the operation of all the funds including actuarial supervision, to administer the operation of equalization funds that are designed to tie together all the funds into one system so as to add to their stability, to furnish expert advice to Retirement Boards regarding the investment of funds and to report to future General Assemblies in regard to pension legislation in this State.

MODIFICATIONS OF THE PLAN OUTLINED FOR FUTURE ENTRANTS TO MAKE IT APPLICABLE TO PRESENT EMPLOYES

I. Old Age Retirement Annuities for Present Employes

1. The Part of the Annuity to Be Provided Solely by the Contributions from the Employer:

(a) The total payments of the employer toward old-age retirement annuity of a policeman or a fireman shall be such as will provide the retirement annuity of three-fourths of the total annuity which he would have received if he had given his entire service under the proposed plan.

(b) The total payments of the employer toward the retirement annuity of the employe other than policemen and firemen shall be such as would provide two-thirds of the total retirement annuity to which such employe would be entitled if he had given his entire service under the proposed plan.

(c) The employer meets these payments in part by contributing in the future on behalf of the present employe during the remainder of his service as if such employe had given his entire service under the proposed plan, and the employer assumes responsibility for the payment of the remainder as part of the accrued liability of this system which is to be liquidated under a provision for instalments over a long term.

See comments below for explanation of the meanings of the accrued liabilities and the long term instalment provision.

2. The Part of the Annuity to Be Provided Solely by Contributions of the Employe Through Deductions from Salary

(a) Each employe is credited with all contributions which he made to a pension system superseded by the present system, with 4 per cent interest compounded annually.

(b) The remainder of a normal old-age retirement annuity not provided for by the employer's contributions nor by the funds accumulated from contributions to a superseded pension system is made up by the deduction from the salary of the employe but subject to the limitation of four per cent of the salary of the employe as the maximum deduction in salary to provide old-age retirement annuity.

(c) If on account of the four per cent limitation in contributions or if for any other reason the old-age retirement annuity of the present employe is less than it would have been if he had given his entire service under the proposed plan, such employe continues the contribution of four per cent of salary if he remains in the service after the standard age of retirement in order to increase his annuity towards the normal amount.

3. A Present Employe to Receive Benefits at Least Equal to Those Specified in a Superseded Act to Which He Was a Contributor

When an employe has been a contributor to a pension system superseded by the Standard Plan, he comes under the Standard Plan and makes contributions required under this plan, but such employe is entitled to receive, at the minimum age of retirement, a pension as large as that specified in the superseded act to which he was a con-

tributor, provided that in computing the amount of such benefits, the salary used is that of the date when the Standard Plan went into effect.

II. Life Insurance for Present Employes

1. The Part of Life Insurance to Be Provided Solely by the Contributions from the Employer

(a) The contributions of the employer towards the life insurance are to be such as will provide one-half of the life insurance which would have been provided if the employe had given his entire service under the proposed Standard Plan.

(b) The employer meets the payment of these contributions in part by making contributions in the future towards life insurance of the present employe just as if the employe had given his entire service under the proposed plan, and assumes the responsibility for the payment of the remainder necessary to make one-half of this insurance paid up at the standard age of retirement. This remainder is part of the accrued liability of the system to be liquidated on a long term instalment basis.

2. The Part of the Life Insurance to Be Provided Solely by the Contributions from the Employe from Deductions from Salary

The employe makes contributions through deductions from salary to carry one-half of the life insurance provided under the system, but if, on account of the two per cent limitation in contributions toward life insurance, the full premium cannot be paid, then the amount of his life insurance is proportionately reduced.

EXPLANATORY COMMENTS ON THE PROVISIONS OF THE STANDARD PLAN

Reserve Basis for Old-Age Retirement Annuities and Life Insurance—Cash Disbursement Basis for Other Benefits

For old-age retirement annuities and life insurance, the plan recommended by the Commission is a reserve system. In such a system the funds to provide the promised benefits are being accumulated as service is being rendered, so that when an employe retires on an annuity or dies, the funds have been accumulated, out of which to pay the promised benefits. Under such a system, the burden is placed on the generation for whom the service is rendered and not on a later generation.

For other benefits involved in the plan, namely, children's annuities, sickness and accident insurance, and annuities because of disability or death while in the performance of duty, the Commission does not recommend that the reserve system be adopted at the present time, but recommends that these benefits be provided by current contributions, for the following reasons:

1. Those benefits are, from their nature, largely temporary. Even in a case where an employe is permanently disabled, the burden of disability benefits under the system which we propose ceases when the employe attains an age five years beyond the standard age of retirement.

2. At the present time, no suitable statistics are obtainable on which to base premium rates for the sickness and accident insurance, or for the children's annuities. The Commission is able to say at the present time that in the case of children's annuities and in the case of annuities on account of death or injury in the performance of duty, the experience of the past has been that the costs of these benefits are small compared to those involved in old-age retirement annuities.

3. The amount that will be required to pay sickness and accident benefits will depend so largely upon the alertness of employes themselves against abuse of the fund that it is highly desirable to have a yearly distribution of these costs. This procedure should have the effect of creating an important check on malingering. After the funds have gathered an experience of their own on which it appears safe to base premium rates, it may be desirable to place other factors than those of the old age annuities and life insurance on the reserve basis.

Annuities as Percentage of Salary Rather Than a Flat Amount

An annuity consisting of a percentage of salary, as provided in the Standard Plan, more nearly conforms to the standard of living that an employe has set for himself than an annuity of an amount uniform for all employes—the so-called flat pension.

Such a flat annuity must necessarily be an amount which would appeal to the employe of average salary. In that event, however, it would not, in a service involving a wide range of salaries, be of sufficient size to encourage the high-salaried employe to leave the service soon enough. On the other hand it would be so large that it would encourage the low-salaried employe to leave too soon.

Basis for Recommending Annuities of 50 Per Cent of Salary for Policemen and Firemen and 40 Per Cent of Salary for Other Employes

It is a feature of the proposed plan that needs some explanation that the annuities for policemen and firemen are fixed in normal cases at 50 per cent of salary, and for other employes at 40 per cent.

The financial burden involved in the present pension systems is such that the Commission has not felt that the pensions of employes should be fixed at more than 40 per cent of salaries, but as firemen and policemen have an expectation of 50 per cent of final salary as pensions under existing laws, except in the cases of higher officers, the Commission does not deem it wise to recommend less than 50 per cent for them.

In the other branches of the service, the existing pension plans provide for pensions of uniform amount per year. For the lower-salaried employes of certain groups the ratio of pension to salary of such employes with the flat pension seemed to be too great for the good of the service. The Commission was of the opinion that 40 per cent of salary in such cases would tend to greater benefit to the service than the present flat pension. For the higher-salaried employes, 40 per cent gives a pension equal to or greater than that provided under existing laws.

The Amount of Annuity Is Determined at the Standard Age of Retirement

It is a feature of the Standard Plan that the amount of annuity payable per year is not increased on account of the fact that an employe remains in service beyond the standard age of retirement, but an exception is made that applies only to present employes.

As to the present employes, although the amount of annuity is determined at the standard age of retirement, the employe is given the special privilege of increasing his annuity by continuing his contributions while he remains in service, provided the annuity at the standard age of retirement is found to be less than it would have been if he had given his full term of service under the provisions of the Standard Plan.

In some financially sound pension systems the accumulated funds on behalf of an individual employe are allowed to accumulate after a prescribed age of retirement so as to increase the annuity. Furthermore, on account of the greater age of the employe when he accepts the annuity, the annuity payments per year are increased.

It was the sense of the Commission that it was undesirable thus to offer inducements to remain in service beyond the standard age of retirement. Furthermore, the widows' annuity scheme in this plan makes it desirable that the annuity rights be fixed at the standard age of retirement.

Standard Ages of Retirement Based on Experience

The Commission has examined the retirement ages of pension systems throughout this country and foreign countries in its efforts to arrive at a conclusion in regard to proper retirement ages. The usual ages of retirement are higher than those given in present Illinois pension laws.

The Commission has recognized that policemen and firemen should retire from service, on the average, five years before employes in other branches of the service in recommending that the standard age of retirement be 55 in the one case and 60 in the other. The Standard Plan seems to be unique in that it establishes an interval of time—the five years from 50 to 55 for firemen and policemen, and from 55 to 60 for other employes—during which an employe may retire and receive an old age retirement annuity of such an amount as the accumulations then to his credit for that purpose will provide.

Ratios of Contributions by Employer and Employe in the Standard Plan Are Put on Practical Basis

It is an important feature of the plan that the employer and employe contribute for the old-age retirement annuity in the ratio of three to one in the case of policemen and firemen and in the ratio of two to one in the case of other employes. It would be difficult to present a satisfactory argument for these ratios as ideal ratios. It is maintained by some that equal distribution of contributions would constitute a better basis for cooperation than the ratios contained in this plan. Indeed the three or four instances of recent legislation for sound contributory pension systems provide that the contributions shall be equally divided between the employer and the employe. The ratios given in the Standard Plan are recommended chiefly by practical considerations as to the amounts of deductions that can at this time reasonably be made from salaries and wages of employes.

Two sets of ratios are put forward also because of the difference in amounts required to provide the annuities. For an annuity of 50 per cent of salary available at age 55 as provided for policemen or firemen it is clear that a much larger percentage of salary must be contributed by employer and employe together than for an annuity

of 40 per cent of salary available at age 60 as provided for other employes. The ratios of three to one for policemen and firemen and two to one for other employes equalize to some extent the percentages of salary deducted in the two cases.

Life Insurance When Payable to Widows or Children Would Be in Instalments for Life or for a Term of Years

It is an element of this plan that is worth mentioning that life insurance is payable to widows as a life annuity, unless the principal sum is such that it would provide an annuity of less than $15.00 per month. In such cases, payments of $15.00 per month are made as long as the accumulated fund will provide them.

Mortality Tables and Interest Rates Recommended by the Commission

Actuaries of the Commission are of the opinion that the statistics gathered by this Commission and the Illinois Pension Laws Commission of 1916 are not suitable data on which to depend with regard to retirements on annuities after the introduction of a scientifically constructed annuity system. It seems better, for the present, to use a well-known table of mortality than to use one constructed from any of the Illinois Pension Funds. For the largest of the funds namely, the State Teachers' Annuity and Retirement Fund, statistics of any sort are almost entirely lacking. The Commission recommends that when adequate statistics relating to the larger Illinois Funds are available, the question of constructing tables of mortality to be used in connection with the Illinois Annuity System be considered.

The actuaries of the Commission recommend that the American Experience Table of Mortality with 4 per cent interest be used as a basis for accumulations of funds for old-age retirement annuities and widows' annuities until such time as this system has an experience adequate to furnish statistics of its own that are suitable for suggesting a table. The actuaries of the Commission feel certain that if all should accept an annuity as soon as eligible, the American Experience Table of Mortality with 4 per cent interest would not furnish adequate reserves for the annuities. The experience of the funds, however, shows that a great many employes will remain on salary after they become eligible for annuity, and for each one who does so, a surplus is contributed to the fund. It is believed, on this account, that the above mortality table and rate of interest for the accumulation of funds at the standard age of retirement will be found adequate, and may

lead to the accumulation of a surplus. In order that a surplus may not accumulate beyond what might reasonably be necessary, the actuaries feel that another well-known table showing a lower rate of mortality should be used to test its sufficiency. They, therefore, recommend that when surplus exists on the basis of McClintock's Table for Annuitants, male or female, with 3 per cent interest, such surplus may safely be distributed.

The Commission is of the opinion that it may be assumed with safety at the present time that investments can earn 4 per cent interest. It, therefore, recommends that 4 per cent be used as the basis of interest accumulation on contributions for old-age retirement annuities and as the basis on which all annuity reserves be computed. The Commission recommends that in computing premiums and reserves for life insurance, however, the rate of interest be 3½ per cent. This rate is adopted for such calculations instead of a rate of 4 per cent because it is believed that a large number of employes will withdraw from service before becoming eligible for retirement annuities and after withdrawal will retain their insurance and continue paying premiums. Allowing 3½ per cent on these premiums thus paid, which may be expected to earn 4 per cent, gives the fund a margin of safety.

Amounts of Life Insurance Prescribed Are Those Necessary to Provide Survivorship Annuities for Wives

The amounts of insurance prescribed may very naturally appeal to the curiosity of those interested in pension systems. The amount of insurance, equal to one and one-quarter years' salary of employes in some cases and to one and three-quarters years' salary in other cases may appear rather artificial. The facts are, however, that these particular amounts were decided upon after very careful consideration of the amount of the survivorship annuity that can be provided at the standard ages of retirement for a wife of average age.

It should perhaps be recalled that upon the date when a married employe reaches the standard age of retirement the cash value of his paid-up life insurance policy is convertible into a survivorship annuity for his wife. It is the amount of this survivorship annuity that was the chief factor in determining the amounts of life insurance deemed necessary for employes. To be more concrete, it was the desire of the Commission to provide, in the average case, a survivorship annuity for the wife equal to 25 per cent of salary in the case of firemen and policemen, and 20 per cent in the case of other employes. The particular amounts of insurance were so selected as to carry out this desire

with respect to the amount of the survivorship annuity in the typical case with regard to the ages of husband and wife.

The Accrued Liabilities and the Long Term Instalment Plan of Liquidation

The provisions for future entrants would apply readily to the present employes who have been in the service only a short time. But for the older present employes, especially for those of long service, and for present pensioners, it is no longer possible for them to contribute to provide the benefits which the Commission feels should be extended to them.

The difference between the present value of what is found by actuarial calculations to be necessary to carry out the promised benefits and the present value of all assets both from a superseded system and from the accumulations from contributions from employer and employe to be made in the future under the plan of accumulations, is called an accrued liability.

It is part of the plan to specify as to each fund that such liability will be liquidated by payment by the employer of a certain amount per year during a period of perhaps forty years.

The Limitation on Percentage of Salary Contributed

Limitations in the form of a per cent of salary are placed on the employe's contributions. These limitations are put at 4 per cent towards providing a retirement annuity and 2 per cent towards life insurance.

The Commission thinks this is as much as it would be wise or fair to require as a deduction from current salaries.

Significance of Requiring All Contributions Towards Old-Age Retirement Annuity During the First Twenty-five Years of Service If Limitation on Percentage of Salary Will Permit

It is provided in the Standard Plan that, if an employe enters at an age so low that he can give more than twenty-five years of service before reaching the standard age of retirement, he and the public as employer are to contribute such percentages of salary as are calculated to be necessary to provide the retirement annuity on the basis that all contributions cease at the end of twenty-five years of service. This provision would be unnecessary if the salary of the employe should remain the same throughout the entire period of service, but no one knows in advance to what extent the salary of the employe may increase in the latter part of his service.

The purpose of this provision is to facilitate the accumulation of funds to provide an annuity equal to the normal percentage of salary for the employe who receives advancement in salary late in his period of service. In a considerable number of cases, advancement in salary would no doubt come so late in the period of service as to render impracticable the accumulation of the proper funds to provide a normal annuity even when the employe gives a long total period of service. The twenty-five year payment provision increases somewhat the percentage of salary to be contributed during the first twenty-five years of service, but tends to make practicable the accumulation of the necessary funds to provide a normal annuity by continuing contributions of the maximum percentage of salary after twenty-five years of service if insufficient funds are accumulated at the end of the twenty-five year period. It would result that under the current conditions of advancement in salary the contributions would be continued in the usual case beyond the twenty-five year period in order to provide the annuity aimed at in the plan of accumulations.

Briefly stated, this provision may be looked upon as one that increases the chance that an employe will get the normal percentage of salary as an annuity.

ON THE COST OF THE ANNUITY AND LIFE INSURANCE FEATURES OF THE STANDARD PLAN EXPRESSED IN PERCENTAGES OF SALARY

The Standard Plan provides that the amount contributed as a percent of salary towards the old-age retirement annuity of an employe varies with the age at entrance into service and with the ages at which increases in salary are obtained. The amount to be contributed during each service year is such that the total sum necessary to provide the annuity would be accumulated from the contributions made within the first twenty-five years of service, provided that at no time the percentage of salary contributed by the employe would exceed the 4 per cent limitation on contributions. It is provided that the amount contributed as an annual premium for the life insurance varies with the age at entrance into service and with the ages at which increases in salary are obtained, but the period of accumulation for life insurance is from the age of entrance into service to the standard age of retirement.

If an attempt were made to apply the twenty-five year period plan to the provisions for life insurance, there would be certain complications which are peculiar to the life insurance computations. These do not arise as to the computations for retirement annuities. This

difference is the principal reason for not applying the twenty-five year period plan to the life insurance as well as to the retirement annuities.

Old-Age Retirement Annuities

A concrete notion of the percentages of salary required to carry out, for employes entering the service at various ages, the provisions for old-age retirement annuities, may be obtained rather easily by an examination of the figures below in Table I, and in illustrations immediately following the table.

Table I shows, in terms of percentages of employe's salary, the combined contributions that must be made by employer and employe beginning at the age stated in the table, so that the amounts set aside will accumulate at 4 per cent interest to an amount sufficient to provide an annuity of 50 per cent of salary in the case of employes for whom the standard age of retirement is 55, and 40 per cent of salary in the case of employes for whom the standard age of retirement is 60. The figures in the table are in accord with the provisions of the Standard Plan that the contributions are to continue for twenty-five years when the employe can give twenty-five or more years of service before reaching the standard age of retirement, and that they are to continue to the standard age of retirement when the employe cannot give as much as twenty-five years of service before reaching that age. (American Experience Table of Mortality, 4 per cent interest. Salary uniform for the period and 2 per cent deductions from accumulations to provide refunds after retirement.)

TABLE I

PERCENTAGES OF SALARY REQUIRED TO PROVIDE ANNUITIES

Retirement on Annuity at 55		Retirement on Annuity at 60	
Age	Annuity 50% of Salary	Age	Annuity 40% of Salary
21	9.93	21	5.61
25	11.62	25	6.57
30	14.14	30	7.99
35	19.77	35	9.72
40	29.41	40	13.59
45	49.04	45	20.21
50	108.71	50	33.69

To illustrate the meaning of this table, suppose an employe should enter at age 25 on a salary of $1000 and we desired to provide funds for his retirement on 50 per cent of salary at age 55. We find from the table that in this case there should be set aside 11.62 per cent of $1000, or $116.20 annually for 25 years. If the standard age of retirement were 60 and the annuity to be provided were 40 per cent of salary, the table shows that there should be set aside 6.57 per cent

of $1000, or $65.70 annually for 25 years. The difference in cost is certainly very striking.

Next, suppose the employe gets an increase of $300 in salary at age 30, the contributions on account of this increase would be made for the remainder of the first twenty-five years of service. That is to say, on this $300, for the employe retiring at the age of 55, it would be necessary to set aside annually for 20 years 16.26 per cent of $300, or $48.78 in addition to the $116.20 per year mentioned above. For the employe with standard age of retirement 60, in order to provide the annuity of 40 per cent of salary, it would be necessary to set aside annually for twenty years 9.17 per cent of $300, or $27.51 in addition to the $65.70 on the first $1000 of salary. The 16.26 per cent and the 9.17 per cent just mentioned are not obtained from Table I, but are similar figures as to contributions required where contributions are to be made for twenty years instead of twenty-five years, and where the contributions begin at age 30 instead of age 25.

If the employe entering at age 25 gets an increase in salary at age 40, the contributions on such increase are made for a period of only ten years if the 4 per cent limitation on employe's contributions will, within that period, permit the accumulation of enough funds to provide the normal retirement annuity; but for such a case, when the increase in salary is of a substantial amount, the limitation in contributions will, in general, operate. When on account of this limitation in contributions the accumulations at the end of the first twenty-five years are not sufficient to provide an annuity of the normal percentage of salary at the standard age of retirement, contributions equal to the limiting percentage of salary are continued beyond the first twenty-five years of service until proper contributions have been made for a normal pension, or until the standard age of retirement is reached.

Life Insurance

A general idea of the percentages of salary required to carry out, for employes entering the service at various ages, the provisions for life insurance, may be gathered from the figures in Table II given below, and from the comments which follow the table.

Table II shows the annual premiums required beginning at the ages shown and continuing to the standard age of retirement to render

an insurance of $1000 paid up at the standard age of retirement. (American Experience Table of Mortality, 3½ per cent interest.)

TABLE II

ANNUAL PREMIUMS REQUIRED TO PROVIDE LIFE-INSURANCE OF $1000.

Age When Premiums Begin	Standard Age of Retirement: Age 55	Standard Age of Retirement: Age 60
21	$ 15.89	$15.08
25	18.03	16.88
30	21.74	19.89
35	27.40	24.20
40	36.89	30.75
45	55.81	41.66
50	111.91	63.20

To provide an insurance of one and three-fourths of the annual salary, as is the case for policemen and firemen, we find from the table that it would be necessary for the employe entering at age 25 with salary $1000, that there be paid an insurance premium of $18.03 per $1000 of insurance, or $31.55 each year. If the employe should obtain an increase of $300 in salary at age 30, it would be necessary to add an insurance of $525. From the table we find that at age 30 the premium would be $21.74 per $1000, or $11.41 for the added $525 of insurance.

If the employe were other than a policeman or a fireman, he would be insured for one and one-fourth of the annual salary, and the premium would be $21.30 for an entrant at age twenty-five. With an increase of salary of $300 at age 30, his insurance would be increased by $375 at a cost of $6.71 as the annual premium.

ON THE COST OF COMBINED FEATURES OF THE STANDARD PLAN EXPRESSED IN PERCENTAGES OF SALARY

By using basic figures such as are shown in Tables I and II we have found an average cost of the annuity and insurance features expressed in percentages of salary for the typical long service employe who receives advancement in salary in accordance with an average salary scale obtained from data on the experience of public employes in the State of Illinois. Similarly, by the use of data from the experience of existing pension funds, and from the experience of certain companies and associations, we estimate roughly the average cost of the remaining factors in terms of percentage of salary.

It is the purpose of Table III to give a bird's-eye view of the average costs of various features for the typical long service employe entering at age 26. These costs in Table III are the combined costs to both employer and employe.

Table IV shows how the combined costs exhibited in Table III are distributed to the employer and employe in the Standard Plan.

TABLE III

COMBINED COSTS TO EMPLOYER AND EMPLOYE OF ANNUITIES FOR ALL HAZARDS UNDER STANDARD PLAN—ESTIMATES IN TERMS OF PERCENTAGES OF TYPICAL EMPLOYE'S SALARY

Item No. Hazard	Benefit	Beneficiary	Percentages for Firemen and Policemen —Standard Retirement Age 55	Percentages for Employes Other Than Firemen and Policemen —Standard Retirement Age 60
1—Old-Age Inefficiency	Retirement Annuity...	Employe	11.64%	6.62%
2—Death				
a-Due to peformance of duty†....	Life Insurance and Extra Compensation......	Widow	0.65%‡	0.1 %
		Children	0.06%‡	0.01%
b-Not due to performance of duty.	Life Insurance	Widow	4.0%	2.7%
		Children	0.3%	0.3%
3—Disability				
a-Due to performance of duty*†...	Extra Compensation...	Employe	0.55%‡	0.05%
		Children	0.06%‡	0.01%
b-Not due to Performance of duty*†	Sickness and Accident Insurance	Employe	0.4%	0.4%
		Totals	17.66%	10.19%

TABLE IV

DISTRIBUTED COSTS TO EMPLOYER AND EMPLOYE OF ANNUITIES FOR ALL HAZARDS UNDER STANDARD PLAN—ESTIMATES IN TERMS OF PERCENTAGES OF TYPICAL EMPLOYE'S SALARY

Item No. Hazard	Benefit	Beneficiary	Percentages for Firemen and Policemen —Standard Retirement Age 55 Empl'r	Empl'e	Percentages for Employes Other Than Firemen and Policemen —Standard Retirement Age 60 Empl'r	Empl'e
1—Old-Age Inefficiency	Retirement Annuity...	Employe	8.73%	2.91%	4.41%	2.21%
2—Death						
a-Due to peformance of duty†....	Life Insurance and Extra Compensation.....	Widow	0.65%‡	....	0.1 %	....
		Children	0.06%‡	....	0.01%	....
b-Not due to performance of duty.	Life Insurance	Widow	2.00%	2.00%	1.35%	1.35%
		Children	0.3 %	....	0.3 %	....
3—Disability						
a-Due to performance of duty*†...	Extra Compensation...	Employe	0.55%‡	....	0.05%	....
		Children	0.06%‡	....	0.01%	....
b-Not due to Performance of duty*†	Sickness and Accident Insurance	Employe	0.2 %	0.2 %	0.2 %	0.2 %
		Totals	12.55%	5.11%	6.43%	3.76%

*Includes keeping up old-age retirement and life insurance contributions for the employe.

†This would be practically zero in the case of teachers and more than the tabulated amount in the case of employes in the more hazardous employments.

‡From the experience of the Chicago Policemen's and Chicago Firemen's Funds, we should expect this to be a little lower for policemen than the value tabulated and a little higher for firemen.

Estimates of Cost Vary in Accuracy

There is a very great difference in the degree of accuracy in the estimates for the various items shown in Tables III and IV.

The costs of the old-age retirement annuities, and of the life insurance can be estimated pretty accurately. The great difference between the costs of some of the other features for the standard age of retirement—55, and for the standard age of retirement—60, depends upon the character of the service involved—the services of firemen and policemen being more hazardous than those in which the employes of other classes are engaged.

This accounts for the .55 per cent for fireman and policemen as against the .05 per cent for other employes for the item of disability in the performance of duty.

It should be noted that the combined contributions from the public as employer, and from the employe, to provide all the benefits under the proposed Standard Plan would be equal to between 17 and 18 per cent of annual salary for the typical fireman and policeman. They would be equal to between 10 and 11 per cent for the typical long service employe entering at the average youthful age and obtaining advancement on the basis of the average salary scale and retiring at age 60.

Also it should be noted from Table IV that for firemen and policemen the costs of the various features are so distributed between employer and employe that on the average 5.11 per cent of salary would be deducted and an amount equal to 12.55 per cent of salary would be contributed by the public as employer, making a total of 17.66 per cent. Similarly, for employes other than firemen and policemen the distribution of costs of items is such that on the average 3.76 per cent of salary would be deducted and an amount equal to 6.43 per cent of salary would be contributed by the public as employer.

COST TO THE PUBLIC OF MEETING THE LIABILITIES UNDER THE STANDARD PLAN ON ACCOUNT OF PRESENT EMPLOYES AND PRESENT PENSIONERS

As will be shown in the actuarial report on the liabilities on account of present pensioners and present employes, on behalf of whom it is not possible to accumulate funds in the future under the Standard Plan of accumulation, there must be specified in the act the amount, for each fund, that must be provided annually for a period of perhaps forty years, in order to liquidate these liabilities.

The Standard Plan is designed in principle for future entrants. It must also provide, however, for present employes. To provide for future entrants the regular contributions from employer and employe provided in the plan will suffice. For the existing liability on behalf of present employes, however, those contributions will not suffice. Those liabilities will be maturing during a period of 40 or more years to come. As a matter of practical financing, it is proposed that they be provided for by spreading the payments in annual instalments over that period. By some such financial arrangement it is made possible to include present employes and present pensioners in a system designed for future entrants, and to bridge over the transition from a period in which it is necessary to provide for present employes, present pensioners and future entrants to the period when it will be necessary to provide for future entrants alone.

THE COST OF THE PROPOSED STANDARD PLAN IN RELATION TO THE PROBLEM OF TAXATION INVOLVED

The report of the Illinois Pension Laws Commission of 1916 showed that under the existing laws for policemen's and firemen's funds, we shall be led ultimately into a situation where the pensions will cost currently an amount equal to 35 to 36 per cent of the salaries. As shown in the same report, the payments to pensioners under the existing funds for policemen and firemen were in 1916 an amount equal to a little more than 13 per cent of the salaries. While the laws creating other funds are not so expensive in operation as those for policemen and firemen, they will also lead to situations where the cost will be very much more than was probably anticipated at the time of the enactment of the laws.

Present Laws Would Ultimately Require Greater Taxation Than Standard Plan

When the amounts required to liquidate, according to the terms of the Standard Plan, the liabilities because of present pensioners and present employes are added to those required to be set aside as current contributions on behalf of the employe as service is being rendered, we face the necessity of increased taxation, but this will be relatively much less than the taxation which would be required after a time if the present laws continued in operation.

The situation may be briefly stated by saying that for some years to come the required taxes will be greater than those which have been levied under the laws now in force. The rate of taxation is entirely

inadequate under the existing laws and would have to be tremendously increased in the future to carry out the promises. Although it is true that by some gradual increase in taxation the current pensions could be paid for a few years to come in all the larger funds, yet the burden would only be pushed forward and would be the greater when it had to be carried.

It should be made clear that the Standard Plan would put as great a burden of taxation upon the community during the first years of its operation as it would ever place on the community, and this is one of its chief merits over unsound plans.

Plan Provides for More Benefits

With respect to all the funds except perhaps those for policemen and firemen the proposed Standard Plan involves a considerable extension of benefits in addition to the benefits under the present laws. But the Standard Plan introduces ages of retirement that tend to decrease the cost of pensions. The main reason for the increase in current taxation would be to remove the existing liability on account of the inadequate accumulation of funds under existing laws.

The Commission has, through its careful study of the pension problem, indicated in the Standard Plan a method of distribution of funds to carry out the purposes of a pension system that it believes to be sound and equitable, but it recognizes that there is involved in carrying out the plan a problem of taxation. The Commission feels that its functions are performed by completing its investigations and by submitting its recommendations in the form of a proposed Standard Plan which it believes to be practical and inherently desirable. The Commission, of course, has been in no position to make a survey and appraisal of the comparative merits of the proposals on various topics before the General Assembly carrying demands upon the State and its municipalities for taxation. The Commission, however, can report that the proposal of supplementing with taxation the contributions of employes for the retirement annuities and other benefits called for in the Standard Plan is sound as to its own merits. These annuities and benefits, in so far as provided for by the public, are a part of the employe's total compensation for services. There is a public need for providing for these annuities and benefits and, therefore, for the taxation that would be required under the Standard Plan.

It is clear that the amount of funds to be derived from employe's contributions and taxation necessary to carry out the plan depends on the amounts of the pensions and other benefits to be paid to the individual employes and other beneficiaries involved. In proposing 50

per cent of final salary as the amount of retirement annuity for policemen and firemen, and 40 per cent for teachers, municipal clerical employes, and all others besides policemen and firemen, the Commission was guided by the best estimate it could make of the amounts required in relation to standard of living to accomplish the purpose of meeting the needs involved in the hazards of old-age inefficiency, death, and sickness or accident, and the purpose of bringing about the retirement of each employe when overtaken by old-age inefficiency. In arriving at this estimate and in all its considerations of the proper scale of benefits, the Commission stressed the needs of the individual employe and his family. It also took into account the amounts of pensions paid in other states. Besides this the Commission, in arriving at a standard for measuring proper amounts of pensions, took into account to a considerable extent public opinion and legislative opinion as registered in the existing pension legislation of Illinois.

Establishment of Sound Pension System Is Urged

The Commission has very definitely reached the conclusion that a pension system is desirable and necessary, and that in order to have the system established on a basis which will not invite disaster, it must be done along the general lines proposed. In determining the amount to be allowed for pensions or other benefits, due account must be taken of the attendant cost. On the basis proposed no longer will pensions be fixed with an eye which sees only the benefits and fails to observe the burdens. The establishment of a pension system under the Standard Plan proposed means a deduction from the employe's salary or wages and a corresponding contribution by the public as an employer in accordance with precise calculation.

CHAPTER IV

TABLES, WITH ACCOMPANYING EXPLANATIONS, ILLUSTRATIVE OF THE OPERATION OF THE ANNUITY AND LIFE INSURANCE FEATURES OF THE STANDARD PLAN

Amounts of Contributions and Annuities Vary for Employes as Years of Service, Salaries and Ages at Entrance and Retirement Vary

In this chapter are given tables illustrative of the amounts of contributions required and the amounts of annuities and life insurance provided under the Standard Annuity and Insurance Plan proposed for public service employes of this State.

A statement of the principles of the plan was given in the preceding chapter, but it still remains to show the operation as it would affect individuals entering at various ages and receiving advancements in salary in accordance with the conditions of public employment in Illinois.

Of the classes of benefits recommended in the plan, old-age retirement annuities and life insurance involve varying amounts in contributions or annuities as the lengths of service of the employes, their salaries, and their ages at entrance and retirement on annuity vary. It is, therefore, with old-age retirement annuity and with life insurance and its attendant annuities, namely, widows' annuities and survivorship annuities, that this chapter will deal principally.

PROVISIONS OF STANDARD PLAN AFFECTING THE CALCULATIONS OF THIS CHAPTER

To aid in connecting the tables of this chapter with the features of the Standard Plan involved in them, a brief review of the provisions of the plan in so far as they affect the tables will be made.

Standard and Minimum Ages of Retirement

The Standard Plan provides that all contributions for old-age retirement annuity and life insurance purposes be made before the employe attains an age called the standard age of retirement, and that

the amount of annuity which the employe will receive and the amount of survivorship annuity for his wife will be determined on the date when the employe attains this age if he is then in service, and will not be increased because of service rendered after that date.

This age in the case of the police and fire services is fixed at age 55, and in the other services at age 60.

The minimum age of retirement is an age five years younger than the standard age of retirement. It is, therefore, age 50 in the police and fire services and age 55 in the other services.

Under the Standard Plan the minimum age of retirement is the earliest age at which an employe can enter upon annuity except in the case of disability.

Conversion of Life Insurance Into Widows' Annuities

Under the Standard Plan, contributions are made directly for old-age retirement annuity and life insurance purposes, but not for widows' annuities. These are provided for entirely through the medium of life insurance.

When a male employe dies while in service before reaching age 55 if he be a policeman or a fireman, or age 60 if he be an employe in any other branch of the service, leaving a widow, or if he reaches such an age while in service, and has a wife, the insurance is converted into an annuity for the widow or wife. This annuity in the Standard Plan is called a widow's annuity if the employe dies before attaining the standard age of retirement, and a survivorship annuity if he attains the standard age of retirement.

Contributions Made by Both Employer and Employe

The Standard Plan provides that contributions for old-age retirement annuity and life insurance be made by both employer and employe.

For old-age retirement annuity, the employer contributes in the ratio of three to one with the employe in the case of a policeman or a fireman, and in the ratio of two to one with the employe in the case of an employe in any other branch of service.

For life insurance, the employer contributes equally with the employe.

These ratios would apply to all who enter the service after the plan recommended by the Commission would take effect. They would also apply to those in service when the Standard Plan would take effect, except for modifications due to inadequate contributions in the past as compared with those required under this plan.

In what follows, except the concluding section under the heading, "Standard Plan as It Relates to Present Employes," the tables and explanation refer to employes who enter the service after the plan takes effect. The concluding section of the chapter, under the heading mentioned, refers to employes who are in service when the plan takes effect.

Mortality Table and Rates of Interest

The Standard Plan provides that if an employe withdraws from service after at least ten years of service and after he has attained at least the minimum age of retirement, but before he has attained the standard age of retirement, he may enter upon his annuity immediately or defer entering upon it to a later date, but not to a date later than that upon which he attains the standard age of retirement.

If he defers entering upon his annuity, then the accumulations to his credit when he withdraws from service shall be improved at 4 per cent interest compounded annually until the time when he enters upon his annuity. The annuity will be of the amount which the accumulations on the date when he enters upon annuity, less a charge for refunds as stated below, will provide at his attained age on the date when he enters upon his annuity, according to the American Experience Table of Mortality, and 4 per cent interest.

The Standard Plan also provides that if an employe withdraws from service after at least ten years of service and before he attains the minimum age of retirement, he may enter upon his annuity when he attains the minimum age of retirement or at any later date, but not later than the date when he attains the standard age of retirement. In this case, the accumulations to the credit of the employe upon the date of his withdrawal from service will be improved at 3½ per cent interest compounded annually until the date when he enters upon annuity and his annuity shall be computed as in the case outlined above except that the interest rate will be 3½ per cent instead of 4 per cent.

Computations for life insurance, under the plan, are to be made according to the American Experience Table of Mortality and 3½ per cent interest.

Amount of Accumulation to the Credit of an Employe for Annuity Purposes

The amount of accumulation to the credit of an employe for annuity purposes is:

The accumulation of the total amount of contributions of both employer and employe, if the employe was in service for at least twenty years before he attained the standard age of retirement, or

The accumulation of the total amount of contributions made by himself, and one-tenth of the accumulations from contributions of the employer for each complete year of service given in addition to ten full years of service, if the employe was in service for less than twenty years before he attained the standard age of retirement.

Refunds

The Standard Plan requires that a deduction of 2 per cent of the accumulations for old-age retirement annuity be made to provide for refunds of the employe's contributions and the amount of life insurance carried by the employe over the amounts paid in annuity to the employe and those deriving annuity through him. In the tables involving ratios of contributions, and accumulations, that follow, the amounts stated are sufficient to provide the annuity after this deduction is made.

Limitation on Contributions

The Standard Plan provides that contributions of an employe for old-age retirement annuity, during any year, shall not exceed 4 per cent of the salary of the employe, and that contributions of the employer on behalf of the employe for old-age retirement annuity shall not exceed an amount equal to 8 per cent of the salary of the employe in the case of an employe other than a policeman or a fireman, or 12 per cent of the salary in the case of a policeman or a fireman.

When the contributions required to provide the normal annuity would exceed such percentages, then only such percentages are to be contributed and the annuity will be such as the accumulations from such contributions will provide.

Contributions towards life insurance on the part of the employe during any year are not to exceed 2 per cent of the salary of the employe, and on the part of the employer are not to exceed an amount equal to 2 per cent of the salary of the employe.

Period in Which Contributions for Old-age Retirement Annuity Will Be Made

Under the Standard Plan, contributions by and on behalf of an employe, for old-age retirement annuity, are to begin when the employe enters the service and continue until he attains the standard age of retirement, except that if the employe enters the service at an age which will permit of a greater period of service before attainment of the standard age of retirement than twenty-five years, then contributions by employer and employe, because of original salary and increases in salary, are to be made during the first twenty-five years of service.

When the employe enters the service at an age which will permit of more than twenty-five years of service before he attains the standard age of retirement, and by reason of the limitation in contributions, the accumulation at the end of the twenty-five year period is not sufficient to provide the normal annuity, then both employer and employe are to continue contributions of the maximum percentages until the accumulation is sufficient to provide the normal annuity, but not to extend beyond the time when the employe attains the standard age of retirement.

For instance, if an employe enters a service at age 26 where the standard age of retirement is 60, then, unless the limitation on contributions applies, all contributions for old-age retirement annuity will be made during the first twenty-five years of service or before the employe attains age 51. If the limitation on contributions, however, should apply, then employer and employe continue contributions of the maximum amounts until the accumulation is sufficient to provide the normal annuity, but not after the employe attains the standard age of retirement.

Period in Which Contributions for Life Insurance Will Be Made

Contributions for life insurance are not limited to the first twenty-five years of service when the employe enters at an age which will permit of more than twenty-five years of service before he attains the standard age of retirement, but extend in all cases from the date when the employe enters the service to the date when he attains the standard age of retirement.

OLD-AGE RETIREMENT ANNUITY

Tables I to XVII inclusive refer to contributions required for old-age retirement annuity, illustrations showing accumulations of such contributions and amounts of annuities available from such accumulations under specified conditions.

It will be noted that age 26 is taken as the entrance age in the illustrations. This figure was adopted because it happens to be roughly the average age at entrance into service of employes in several of the more important services.

Salary Scales

Tables illustrative of the amounts of contributions required from employes and employers and the amounts of annuity provided are of greatest value when they approach most nearly to actual experience in the way of increases in salaries. To illustrate all possible cases of increase of salary or even a majority of cases that might arise, would

be an impossibility, but a good approximation may be made for any individual case by reference to the illustrations under one of the three following salary scales:

SALARY SCALE I—CHICAGO TEACHERS' SALARY SCALE

Years of Service	Salary	Years of Service	Salary
1	$ 800	7	$1100
2	850	8	1150
3	900	9	1200
4	950	10	1260
5	1000	11	1380
6	1050	12 and after	1500

SALARY SCALE II—MUNICIPAL CLERICAL SERVICE SALARY SCALE

Years of Service	Salary	Years of Service	Salary
1	$ 960	8	$1320
2	1080	9	1320
3	1200	10	1440
4	1200	11	1440
5	1320	12	1680
6	1320	13 and after	1740
7	1320		

SALARY SCALE III—POLICEMEN'S AND FIREMEN'S SALARY SCALE

Years of Service	Salary	Years of Service	Salary
1	$1260	3	$1470
2	1380	4 and after	1500

In Scale I, the salary quoted follows approximately the salary scale of the Chicago public school teachers of grammar school grade. Illustrations following this scale will apply roughly to all employes in a service where the standard age of retirement is 60 and salaries increase within the first twelve years of service to amounts almost double the amounts of the original salaries. In any such specific case, the percentage of contributions will be roughly as given below (see Table I) for this scale, while the annuity will be 40 per cent of the salary to which the percentage of contributions is applied.

In Scale II, the salary quoted follows roughly the salary of an employe in the clerical service of the City of Chicago. It will be observed by comparing the tables founded on this salary scale with those founded on Scale I, that the percentages of contributions vary only slightly as between the two sets of tables.

In Scale III, the salary quoted follows the salary scale of a Chicago policeman of the rank of police patrolman, or a fireman of corresponding rank in the fire department. Inasmuch as the entire increase in salary occurs during the first few years of service, the illustrations following this scale will apply with considerable accuracy to any police or fire service.

Illustrative Tables Showing the Contributions Required When the Employe Enters the Service at an Age Which Will Permit of Twenty-five or More Years of Service Before He Attains the Standard Age of Retirement

Table I shows the combined percentages of salary to be contributed by employer and employe at the respective ages of entrance given in the table, to produce an annuity of 40 per cent of salary, when the standard age of retirement is 60 and the salary of the employe follows the Chicago Teachers' Salary Scale.

Table II shows the contributions under like conditions as in Table I when the salary of the employe follows the Municipal Clerical Service Salary Scale.

Table III applies when the standard age of retirement is 55 and the salary of the employe follows the Policemen's and Firemen's Salary Scale.

To illustrate how these tables were constructed consider the case of an employe who enters a service at age 26, where the standard age of retirement is 60, and whose salary is that of the Chicago Teachers' Salary Scale.

It is known that it requires $1010.10 to provide an annuity of $100 per year, payable in twelve equal monthly instalments beginning at age 60, according to the American Experience Table of Mortality, and 4 per cent interest. When an amount sufficient to permit of a discount of 2 per cent for refunds is added to this amount, the result is $1030.71. Under the plan, there must, therefore, be an accumulation of $1030.71 at age 60 for each $100 to be paid in annuity.

In the illustration the employe has a salary of $800 at the outset and, therefore, an annuity expectation of $320—namely, 40 per cent of salary, and is aged 26.

It will, therefore, be necessary to find the amount that must be paid each year for twenty-five years in order that the payments will accumulate at 4 per cent interest to an amount at the end of the twenty-five year period, or when the employe is age 51, which, when accumulated at interest for the remaining nine years until the employe reaches age 60, will amount to three and two-tenths times $1030.71, or $3298.27. This amount when payable in equal monthly instalments is found to be $4.55 per month, or 6.83 per cent of the salary of the employe.

This percentage is found opposite the first year of service under age 26 at entrance in Table I.

At the beginning of the next year, the employe received a raise in salary of $50 and has, therefore, an increase in annuity expectation

of $20. The amount to be accumulated at age 51 for this increase in annuity must, therefore, be twenty three-hundred-and-twentieths (20/320) of the amount to be accumulated because of initial annuity expectations. This amount, however, must be raised in twenty-four years instead of twenty-five years, as was the case during the first service year.

The percentage of $50 required in contributions for twenty-four years to produce an amount at age 51, which, when accumulated to age 60, will amount to twenty three-hundred-and-twentieths (20/320) of $1030.71 is found to be 7.34 per cent.

During the second year of service the contributions will, therefore, be 6.83 per cent of $800, or $54.64, plus 7.34 per cent of $50, or $3.67. The total of these two amounts is $58.31, or 6.86 per cent of the salary of the year, namely, $850. This percentage is found opposite the second year of service under age 26 at entrance in Table I.

This illustration shows how all the percentages given in Table I could be derived.

The percentages in Table II are derived in an exactly similar manner.

In Table III the standard age of retirement is age 55 instead of age 60, as is the case in each of the other tables, and consequently the amount of accumulation necessary to provide an annuity of $100 per annum beginning at the standard age of retirement will not be $1030.71 as in Tables I and II. In this case it is found to be $1200. In other respects the method of derivation of the percentages of salary required to provide an annuity of 50 per cent of salary is exactly the same as that used in deriving the percentages in Tables I and II.

TABLE I—CHICAGO TEACHERS' SALARY SCALE

TABLE SHOWING THE COMBINED PERCENTAGES OF SALARY REQUIRED FROM EMPLOYER AND EMPLOYE TO PROVIDE AN OLD AGE RETIREMENT ANNUITY OF 40 PER CENT OF SALARY. STANDARD AGE OF RETIREMENT 60. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES TWO-THIRDS AND THE EMPLOYE ONE-THIRD.

Years in Service	Salary	Age at Entrance Into Service 19	23	26	30	35
1	$ 800	5.19	6.07	6.83	7.99	9.72
2	850	5.21	6.10	6.86	8.03	9.77
3	900	5.25	6.14	6.91	8.08	9.83
4	950	5.31	6.21	6.98	8.17	9.94
5	1000	5.38	6.29	7.08	8.28	10.07
6	1050	5.47	6.39	7.19	8.41	10.23
7	1100	5.57	6.53	7.34	8.59	10.45
8	1150	5.70	6.67	7.50	8.77	10.67
9	1200	5.84	6.84	7.69	9.00	10.95
10	1260	6.02	7.06	7.94	9.29	11.30
11	1380	6.44	7.55	8.49	9.93	12.08
12 and after	1500	6.87	9.05	9.05	10.59	12.88

TABLE II—MUNICIPAL CLERICAL SERVICE SALARY SCALE

TABLE SHOWING THE COMBINED PERCENTAGES OF SALARY REQUIRED FROM EMPLOYER AND EMPLOYE TO PROVIDE AN OLD-AGE RETIREMENT ANNUITY OF 40 PER CENT OF SALARY. STANDARD AGE OF RETIREMENT 60. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES TWO-THIRDS AND THE EMPLOYE ONE-THIRD.

Years in Service	Salary	Age at Entrance into Service 19	23	26	30	35
1	$ 960	5.19	6.07	6.83	7.99	9.71
2	1080	5.22	6.11	6.87	8.04	9.78
3	1200	5.29	6.19	6.96	8.14	9.91
4	1200	5.29	6.19	6.96	8.14	9.91
5	1320	5.43	6.35	7.14	8.35	10.16
6	1320	5.43	6.35	7.14	8.35	10.16
7	1320	5.43	6.35	7.14	8.35	10.16
8	1320	5.43	6.35	7.14	8.35	10.16
9	1320	5.43	6.35	7.14	8.35	10.16
10	1440	5.80	6.78	7.63	8.93	10.86
11	1440	5.80	6.78	7.63	8.93	10.86
12	1680	6.66	7.79	8.76	10.25	14.59
13	1740	6.88	8.05	9.05	10.59	15.07

TABLE III—POLICEMEN'S AND FIREMEN'S SALARY SCALE

TABLE SHOWING THE COMBINED PERCENTAGES OF SALARY REQUIRED FROM EMPLOYER AND EMPLOYE TO PROVIDE AN OLD-AGE RETIREMENT ANNUITY OF 50 PER CENT OF SALARY. STANDARD AGE OF RETIREMENT 55. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES THREE-FOURTHS AND THE EMPLOYE ONE-FOURTH.

Years in Service	Salary	Age at Entrance into Service 21	23	26	28	30
1	$1260	9.95	10.76	12.10	13.09	14.16
2	1380	10.00	10.82	12.17	13.16	14.24
3	1470	10.08	10.90	12.26	13.26	14.34
4	1500	10.12	10.94	12.31	13.31	14.40

Combined Total Percentages Given in Tables I, II, and III

In Tables I, II and III above, the percentages of salary given are the combined percentages of employer and employe, and for both original salary and increases.

If the employe receives no increase in salary during his period of service, the combined percentages of salary for contributions of employer and employe will be that stated in the appropriate table opposite the first year.

Since the employer contributes in the ratio of two to one with the employe in all cases except those of policemen and firemen, and in the ratio of three to one in the cases of policemen and firemen, the percentages to be contributed by the employer and employe in cases where Table I or Table II applies are respectively two-thirds and one-third of the percentages stated in these tables, and the percentages to be contributed by employer and employe in cases where Table III applies are respectively three-fourths and one-fourth of the percentages given in that table.

How Percentages of Salary May Be Found for Ages Not Given in Table I, II, or III

The required percentage for any age below age 35 where the standard age of retirement is 60, or below age 30 where the standard age of retirement is 55, may be found by multiplying the percentage

for the next lowest age given in the Table by 1.04 as many times as there are years of difference between the age at which the percentage is sought and the next lowest age at which the percentage is given in the Table. Thus to find the percentage required during the first year if the employe entered a service at age 21, where the standard age of retirement is 60, multiply 5.19 by 1.04. The result is 5.40. Multiply 5.40 by 1.04. The result is 5.62. This is the percentage required.

The percentage required for any age above 35 where the standard age of retirement is 60, or above 30 where the standard age of retirement is 55, can be found respectively from Table IV or V.

Illustrative Tables from Which May Be Derived the Contributions Required When the Employe Enters the Service at an Age Which Will Not Permit of at Least Twenty-five Years of Service Before He Attains the Standard Age of Retirement

Tables I, II and III above illustrate the percentages of salary required for old-age annuity purposes under certain salary scales when the employe enters the service at an age which will permit of at least twenty-five years of service before he attains the standard age of retirement. In those tables the percentage opposite the first year of service shows the percentage of salary required if the employe receives no increase in salary during his period of service.

If an employe enters the service at an age which will not permit of at least twenty-five years of service before he attains the standard age of retirement, the percentage of salary that would need to be contributed on the supposition that he will receive no increase in salary during his period of service is as given in Table IV or V, according to whether or not the standard age of retirement is 60 or 55.

TABLE IV

TABLE SHOWING THE COMBINED PERCENTAGES OF SALARY REQUIRED FROM EMPLOYER AND EMPLOYE TO PROVIDE AN ANNUITY OF 40 PER CENT OF SALARY WHEN THE EMPLOYE ENTERS THE SERVICE AT THE AGE AT ENTRANCE SHOWN IN THE TABLE AND THERE IS NO INCREASE IN SALARY DURING HIS PERIOD OF SERVICE. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES TWO-THIRDS AND THE EMPLOYE ONE-THIRD.

STANDARD AGE OF RETIREMENT 60

Age at Entrance	Percentage of Salary	Age at Entrance	Percentage of Salary
36	10.31	48	26.93
37	11.05	49	30.00
38	11.82	50	33.69
39	12.66	51	38.23
40	13.59	52	43.90
41	14.63	53	51.22
42	15.77	54	61.00
43	17.07	55	74.68
44	18.53	56	95.27
45	20.21	57	129.60
46	21.14	58	198.32
47	24.34	59	404.43

TABLE V

TABLE SHOWING THE COMBINED PERCENTAGES OF SALARY REQUIRED FROM EMPLOYER AND EMPLOYE TO PROVIDE AN ANNUITY OF 50 PER CENT OF SALARY WHEN THE EMPLOYE ENTERS THE SERVICE AT AGE AT ENTRANCE SHOWN IN THE TABLE AND THERE IS NO INCREASE IN SALARY DURING HIS PERIOD OF SERVICE. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES THREE-FOURTHS AND THE EMPLOYE ONE-FOURTH.

STANDARD AGE OF RETIREMENT 55

Age at Entrance	Percentage of Salary	Age at Entrance	Percentage of Salary
31	15.07	43	39.19
32	16.08	44	43.66
33	17.19	45	49.04
34	18.42	46	55.64
35	19.77	47	63.90
36	21.28	48	74.55
37	22.96	49	88.78
38	24.85	50	108.71
39	26.98	51	138.66
40	29.41	52	188.64
41	32.19	53	288.67
42	35.42	54	588.68

It will be observed that in Table IV the percentage beginning at age 39 exceeds the 12 per cent limitation imposed on contributions by and on behalf of employes other than policemen and firemen, and in Table V that the percentage beginning at age 32 exceeds the 16 per cent limitation imposed on contributions by and on behalf of policemen and firemen.

Such percentages, however, have a place in these tables because they show the percentages required in cases of increases in salary where the contributions formerly being made together with the percentage of salary stated in the table do not exceed the limitation of 12 per cent or 16 per cent of the total increased salary.

Use of Tables IV and V

Tables IV and V above may be used to find the contributions required when the salary of the employe follows any salary scale. It will be seen, however, upon application of any salary scale, that the percentages that would be required will soon exceed the limitation imposed on contributions.

By reference to Table I it is seen that when the salary of an employe follows the Chicago Teachers' Salary Scale, the limitation in contributions applies after the tenth year of service when the employe is aged 35 at entrance. By reference to Table II, it is seen that when the salary follows the Municipal Clerical Service Salary Scale the limitation applies after the eleventh year of service when the employe is aged 35 at entrance.

Tables IV and V show that the limitation in contributions applies from the beginning of service in the cases of employes, other than policemen or firemen, who enter the service after age 38 and, in the cases of policemen or firemen, those who enter the service after age 31.

Accumulations from Contributions Made for Old-Age Retirement Annuity

To illustrate how the contributions made by employer and employe for old-age retirement annuity will accumulate, consider the case where the percentages of salary required are as in Table I when the employe is aged 26 at entrance to service, and the salary scale is the scale in that table.

From that table we find that the salary of the first year is $800 and the percentage to be contributed is 6.83. The product of $800 by 6.83 per cent, is $54.64. This amount payable in equal monthly instalments is equivalent to $55.66, payable at the end of the year.

During the second year, the contributions required will be $850 multiplied by 6.86 per cent, or $58.31, which is equivalent to $59.37 paid at the end of the year.

If $55.66 be improved at 4 per cent interest for one year, the result is $57.89. This amount when added to $59.37 gives $117.26, which is, therefore, the accumulation at the end of the second year.

The above process may be continued until the end of the twenty-fifth year of service, at which time all contributions will have been made. After that, the accumulations increase only through interest earnings.

The accumulations for all years are given in Table VI, below.

Tables VII and VIII below are constructed in an exactly similar manner. Table VII is constructed on the Municipal Clerical Service Salary Scale, and Table VIII on the Policemen's and Firemen's Salary Scale.

TABLE VI—CHICAGO TEACHERS' SALARY SCALE

TABLE SHOWING THE ACCUMULATIONS FOR OLD-AGE RETIREMENT ANNUITY AT THE ENDS OF THE SEVERAL SERVICE YEARS FROM CONTRIBUTIONS OF PERCENTAGES OF SALARY AS STATED IN TABLE I AT AGE 26 AT ENTRANCE INTO SERVICE. STANDARD AGE OF RETIREMENT 60. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES TWO-THIRDS AND THE EMPLOYE ONE-THIRD.

End of	Accumulation	End of	Accumulation
1st year	$ 55.66	18th year	$2471.38
2d year	117.26	19th year	2708.54
3d year	184.28	20th year	2955.18
4th year	259.22	21st year	3211.69
5th year	341.69	22d year	3478.46
6th year	432.34	23d year	3755.90
7th year	531.84	24th year	4044.44
8th year	640.97	25th year	4344.52
9th year	760.59	26th year	4518.20
10th year	892.95	27th year	4699.03
11th year	1047.97	28th year	4886.99
12th year	1228.19	29th year	5083.02
13th year	1415.62	30th year	5286.34
14th year	1610.54	31st year	5497.80
15th year	1813.26	32d year	5717.71
16th year	2024.09	33d year	5946.42
17th year	2243.35	34th year	6184.28

TABLE VII—MUNICIPAL CLERICAL SERVICE SALARY SCALE

TABLE SHOWING THE ACCUMULATIONS FOR OLD-AGE RETIREMENT ANNUITY AT THE ENDS OF THE SEVERAL SERVICE YEARS FROM CONTRIBUTIONS OF PERCENTAGES OF SALARY AS STATED IN TABLE II AT AGE 26 AT ENTRANCE INTO SERVICE. STANDARD AGE OF RETIREMENT 60. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES TWO-THIRDS AND THE EMPLOYE ONE-THIRD.

End of	Accumulation	End of	Accumulation
1st year	$ 66.80	18th year	$2866.48
2d year	145.06	19th year	3141.55
3d year	235.94	20th year	3427.62
4th year	330.46	21st year	3725.13
5th year	439.69	22d year	4034.55
6th year	553.29	23d year	4356.34
7th year	671.43	24th year	4691.00
8th year	794.30	25th year	5039.05
9th year	922.08	26th year	5240.61
10th year	1070.88	27th year	5450.23
11th year	1225.64	28th year	5668.24
12th year	1424.59	29th year	5894.97
13th year	1641.98	30th year	6130.77
14th year	1868.07	31st year	6376.00
15th year	2103.13	32d year	6631.04
16th year	2347.67	33d year	6896.28
17th year	2601.99	34th year	7172.13

TABLE VIII—POLICEMEN'S AND FIREMEN'S SALARY SCALE

TABLE SHOWING THE ACCUMULATIONS FOR OLD-AGE RETIREMENT ANNUITY AT THE ENDS OF THE SEVERAL SERVICE YEARS FROM CONTRIBUTIONS OF PERCENTAGES OF SALARY AS STATED IN TABLE III AT AGE 26 AT ENTRANCE INTO SERVICE. STANDARD AGE OF RETIREMENT 55. OF THESE PERCENTAGES THE EMPLOYER CONTRIBUTES THREE-FOURTHS AND THE EMPLOYE ONE-FOURTH.

End of	Accumulation	End of	Accumulation
1st year	$ 155.31	16th year	$ 4010.62
2d year	332.61	17th year	4359.14
3d year	529.45	18th year	4721.61
4th year	738.73	19th year	5098.57
5th year	957.38	20th year	5490.61
6th year	1183.78	21st year	5898.33
7th year	1419.23	22d year	6322.36
8th year	1664.10	23d year	6763.35
9th year	1918.76	24th year	7221.98
10th year	2183.61	25th year	7698.96
11th year	2459.05	26th year	8000.96
12th year	2745.51	27th year	8321.00
13th year	3043.43	28th year	8653.84
14th year	3353.27	29th year	9000.00
15th year	3675.50		

Amounts of Annuity Upon Withdrawal from Service After at Least Ten Years of Service

The Standard Plan provides that an employe who withdraws from service after at least ten years of service and before he attains the minimum age of retirement may retain his rights to annuity by allowing the accumulations from his own contributions to remain at interest in the fund. If he retains his annuity rights, then one-tenth of the accumulations of the employer for each year of service after the tenth year of service up to one hundred per cent of such accumulations will be added to the accumulations from his own contributions and the total used to provide an annuity beginning at the minimum age of retirement, or at any time later, but not beyond the time when he attains the standard age of retirement.

Tables IX, X, and XI below show the amount of annuity to which an employe would be entitled who enters a service at age 26 where the standard age of retirement and salary scale are as stated in the tables, and withdraws from service after the year stated.

These annuities are derived from the accumulations to the credit of employes as stated in Table VI, VII, or VIII, whichever applies.

To illustrate how to find the amount of accumulation available for annuity purposes upon withdrawal from service, consider the illustration given in Table VI at the end of the sixteenth year of service.

In this case the employer contributes two-thirds of the whole amount contributed and the employe one-third. The accumulation from contributions of the employer will, therefore, be two-thirds of $2024.09 and from contributions of the employe one-third of $2024.09, or $1349.39 and $674.70 respectively.

Now one-tenth of the accumulation of the employer is to be added to the accumulation from contributions of the employe for each year of service after the tenth. In the illustration, therefore, six-tenths of $1349.39, or $809.63, will be added to $674.70. This makes a total of $1484.33. This amount improved at interest at the rate of 3½ per cent per annum, will accumulate to an amount which, after deduction of 2 per cent for refunds, will be sufficient to provide the annuity of $258 per annum, as stated in Table IX opposite the sixteenth year, beginning at the standard age of retirement.

It will be observed that the first few annuities in each table are under $180 per year. The Standard Plan provides that when an annuity is less than $180 per year, it will be paid in amounts of $180 per year until the principal sum from which the annuity is being paid is exhausted.

TABLE IX

TABLE SHOWING THE AMOUNTS OF ANNUITY BEGINNING AT THE STANDARD AGE OF RETIREMENT WHICH AN EMPLOYE WOULD RECEIVE, IF HE ENTERS THE SERVICE AT AGE 26, HAD A SALARY AS STATED IN THE CHICAGO TEACHERS' SALARY SCALE, AND WITHDREW FROM SERVICE AT THE END OF THE YEAR STATED IN THE TABLE. STANDARD AGE OF RETIREMENT 60.

Withdrew After	Amount of Annuity	Withdrew After	Amount of Annuity
10th year	$ 64	23d year	$ 513
11th year	86	24th year	533
12th year	114	25th year	553
13th year	145	26th year	556
14th year	180	27th year	559
15th year	217	28th year	562
16th year	258	29th year	600
17th year	301	30th year	600
18th year	347	31st year	600
19th year	396	32d year	600
20th year	447	33d year	600
21st year	470	34th year	600
22d year	491		

TABLE X

TABLE SHOWING THE AMOUNT OF ANNUITY BEGINNING AT THE STANDARD AGE OF RETIREMENT WHICH AN EMPLOYE WOULD RECEIVE IF HE ENTERED THE SERVICE AT AGE 26, HAD A SALARY AS STATED IN THE MUNICIPAL CLERICAL SERVICE SALARY SCALE AND WITHDREW FROM SERVICE AT THE END OF THE YEAR STATED IN THE TABLE. STANDARD AGE OF RETIREMENT 60.

Withdrew After	Amount of Annuity	Withdrew After	Amount of Annuity
10th year	$ 76	23d year	$ 594
11th year	101	24th year	618
12th year	132	25th year	642
13th year	169	26th year	645
14th year	208	27th year	648
15th year	252	28th year	651
16th year	299	29th year	696
17th year	349	30th year	696
18th year	403	31st year	696
19th year	459	32d year	696
20th year	519	33d year	696
21st year	545	34th year	696
22d year	570		

TABLE XI

TABLE SHOWING THE AMOUNT OF ANNUITY BEGINNING AT THE STANDARD AGE OF RETIREMENT WHICH AN EMPLOYE WOULD RECEIVE IF HE ENTERED THE SERVICE AT AGE 26, HAD A SALARY AS STATED IN THE POLICEMEN'S AND FIREMEN'S SALARY SCALE AND WITHDREW FROM SERVICE AT THE END OF THE YEAR STATED IN THE TABLE. STANDARD AGE OF RETIREMENT 55.

Withdrew After	Amount of Annuity	Withdrew After	Amount of Annuity
10th year	$ 84	20th year	$ 597
11th year	118	21st year	620
12th year	157	22d year	642
13th year	200	23d year	663
14th year	247	24th year	732
15th year	297	25th year	750
16th year	350	26th year	750
17th year	407	27th year	750
18th year	468	28th year	750
19th year	531	29th year	750

Amounts of Annuity at Standard Age of Retirement

As already stated, contributions by the employe for old-age retirement annuity during any year of service, under the Standard Plan, are not to exceed 4 per cent of the salary of the employe, and contributions by the employer are not to exceed amounts equal to 8 per cent of the salary of the employe in all cases except when the employe is a policeman or a fireman or 12 per cent in the cases where the employe is a policeman or a fireman.

Such limitation in contributions will result in lower annuities than amounts equal to 40 per cent or 50 per cent of salary, in cases where the employe entered the service or received an increase in salary at so late an age that the proper amounts could not be contributed because of this limitation.

Tables XII, XIII, and XIV below show the amounts of annuities available to employes who enter the service at the ages stated in the appropriate table and receive the salary of the scale given in the table, if they remain in service until they attain the standard age of retirement.

TABLE XII

TABLE SHOWING THE AMOUNTS OF ANNUITIES AVAILABLE FOR EMPLOYES WHO ENTER THE SERVICE AT THE AGES STATED IN THE TABLE AND REMAIN IN SERVICE UNTIL THEY ATTAIN THE STANDARD AGE OF RETIREMENT. CHICAGO TEACHERS' SALARY SCALE. STANDARD AGE OF RETIREMENT 60.

ANNUITY TO BEGIN AT STANDARD AGE OF RETIREMENT

Age at Entrance Into Service	Amount of Annuity	Age at Entrance Into Service	Amount of Annuity
34 or less	$600	42	$311
35	576	43	262
36	551	44	219
37	524	45	180
38	494	46	145
39	459	47	115
40	424	48	89
41	366		

TABLE XIII

TABLE SHOWING THE AMOUNTS OF ANNUITIES AVAILABLE FOR EMPLOYES WHO ENTER THE SERVICE AT THE AGES STATED IN THE TABLE AND REMAIN IN SERVICE UNTIL THEY ATTAIN THE STANDARD AGE OF RETIREMENT. MUNICIPAL CLERICAL SERVICE SALARY SCALE. STANDARD AGE OF RETIREMENT 60.

ANNUITY TO BEGIN AT STANDARD AGE OF RETIREMENT

Age at Entrance Into Service	Amount of Annuity	Age at Entrance Into Service	Amount of Annuity
34 or less	$696	42	$340
35	669	43	285
36	635	44	236
37	602	45	192
38	585	46	154
39	543	47	120
40	468	48	104
41	401		

TABLE XIV

TABLE SHOWING THE AMOUNTS OF ANNUITIES AVAILABLE FOR EMPLOYES WHO ENTER THE SERVICE AT THE AGES STATED IN THE TABLE AND REMAIN IN SERVICE UNTIL THEY ATTAIN THE STANDARD AGE OF RETIREMENT. POLICEMEN'S AND FIRMEN'S SALARY SCALE. STANDARD AGE OF RETIREMENT 55.

ANNUITY TO BEGIN AT STANDARD AGE OF RETIREMENT

Age at Entrance Into Service	Amount of Annuity	Age at Entrance Into Service	Amount of Annuity
30 or less	$750	36	$493
31	730	37	418
32	713	38	351
33	666	39	290
34	620	40	237
35	575		

Amounts of Annuity at Minimum Age of Retirement

The Standard Plan provides that an employe may enter upon annuity at any time after he attains the minimum age of retirement provided he has at least ten years of service to his credit; if an employe enters upon annuity upon attainment of the minimum age of retirement, the amount of annuity would be as stated in Table XV, XVI or XVII below:

TABLE XV

TABLE SHOWING THE AMOUNTS OF ANNUITIES AVAILABLE FOR EMPLOYES WHO ENTER THE SERVICE AT THE AGES STATED IN THE TABLE AND REMAIN IN SERVICE UNTIL THEY ATTAIN THE MINIMUM AGE OF RETIREMENT—AGE 55. CHICAGO TEACHERS' SALARY SCALE. STANDARD AGE OF RETIREMENT 60.

ANNUITY TO BEGIN AT MINIMUM AGE OF RETIREMENT—AGE 55

Age at Entrance Into Service	Amount of Annuity	Age at Entrance Into Service	Amount of Annuity
34 or less	$424	38	$225
35	339	39	188
36	299	40	154
37	262		

TABLE XVI

TABLE SHOWING THE AMOUNTS OF ANNUITIES AVAILABLE FOR EMPLOYES WHO ENTER THE SERVICE AT THE AGES STATED IN THE TABLE AND REMAIN IN SERVICE UNTIL THEY ATTAIN THE MINIMUM AGE OF RETIREMENT—AGE 55. MUNICIPAL CLERICAL SERVICE SALARY SCALE. STANDARD AGE OF RETIREMENT 60.

Annuity to Begin at Minimum Age of Retirement—Age 55

Age at Entrance Into Service	Amount of Annuity	Age at Entrance Into Service	Amount of Annuity
34 or less	$491	38	$267
35	427	39	223
36	345	40	184
37	299		

TABLE XVII

TABLE SHOWING THE AMOUNTS OF ANNUITIES AVAILABLE FOR EMPLOYES WHO ENTER THE SERVICE AT THE AGES STATED IN THE TABLE AND REMAIN IN SERVICE UNTIL THEY ATTAIN THE MINIMUM AGE OF RETIREMENT—AGE 50. POLICEMEN'S AND FIREMEN'S SALARY SCALE. STANDARD AGE OF RETIREMENT 55.

Annuity to Begin at Minimum Age of Retirement—Age 50

Age at Entrance Into Service	Amount of Annuity	Age at Entrance Into Service	Amount of Annuity
30 or less	$532	36	$184
31	449	37	144
32	400	38	110
33	337	39	80
34	280	40	55
35	229		

LIFE INSURANCE

Under the Standard Plan, the premiums for life insurance are to be such that the insurance will be fully paid for when the employe reaches the standard age of retirement.

Towards such premium payment, employer and employe are to contribute in equal amounts.

TABLE XVIII

TABLE SHOWING THE AMOUNTS TO BE CONTRIBUTED BY THE EMPLOYER AND THE EMPLOYE IN PREMIUM ANNUALLY AND THE TOTAL PREMIUM REQUIRED FOR AN INSURANCE OF $1000 TO BE PAID UP WHEN THE EMPLOYE ATTAINS AGE 60. AMERICAN EXPERIENCE TABLE OF MORTALITY, 3½ PER CENT INTEREST.

Insurance for $1000 to Be Paid Up at Age 60

Age When Insurance is Taken	Annual Amounts to Be Contributed by Employer	Employe	Total Annual Amounts to Be Contributed
20	$ 7.35	$ 7.35	$ 14.69
21	7.54	7.54	15.08
22	7.75	7.75	15.49
23	7.96	7.96	15.92
24	8.20	8.20	16.39
25	8.44	8.44	16.88
26	8.71	8.71	17.41
27	8.99	8.99	17.97
28	9.29	9.29	18.57
29	9.61	9.61	19.21
30	9.95	9.95	19.89
31	10.32	10.32	20.63
32	10.72	10.72	21.43
33	11.14	11.14	22.28
34	11.60	11.60	23.20
35	12.10	12.10	24.20
36	12.65	12.65	25.29
37	13.24	13.24	26.48
38	13.89	13.89	27.77
39	14.60	14.60	29.19
40	15.38	15.38	30.75
41	16.24	16.24	32.48
42	17.20	17.20	34.39
43	18.27	18.27	36.53

Age When Insurance is Taken	Annual Amounts to Be Contributed by Employer	Employe	Total Annual Amounts to Be Contributed
44	$19.47	$19.47	$38.94
45	20.83	20.83	41.66
46	22.39	22.39	44.77
47	24.17	24.17	48.34
48	26.25	26.25	52.49
49	28.69	28.69	57.37
50	31.60	31.60	63.20
51	35.14	35.14	70.28
52	39.54	39.54	79.08
53	45.16	45.16	90.31
54	52.60	52.60	105.20
55	62.95	62.95	125.90
56	78.39	78.39	156.78
57	103.98	103.98	207.95
58	154.94	154.94	309.87
59	307.32	307.32	614.64

TABLE XIX

TABLE SHOWING THE AMOUNTS TO BE CONTRIBUTED BY THE EMPLOYER AND THE EMPLOYE IN PREMIUM AND THE TOTAL PREMIUM REQUIRED FOR AN IUSURANCE OF $1000 TO BE PAID UP WHEN THE EMPLOYE ATTAINS AGE 55. AMERICAN EXPERIENCE TABLE OF MORTALITY, 3½ PER CENT INTEREST.

Insurance for $1000 to Be Paid Up at Age 55

Age When Insurance is Taken	Annual Amounts to Be Contributed by Employer	Employe	Total Annual Amount to Be Contributed
20	$ 7.72	$ 7.72	$ 15.44
21	7.95	7.95	15.98
22	8.19	8.19	16.37
23	8.44	8.44	16.88
24	8.72	8.72	17.44
25	9.02	9.02	18.03
26	9.33	9.33	18.66
27	9.67	9.67	19.34
28	10.04	10.04	20.08
29	10.44	10.44	20.88
30	10.87	10.87	21.74
31	11.34	11.34	22.68
32	11.85	11.85	23.70
33	12.41	12.41	24.82
34	13.02	13.02	26.01
35	13.70	13.70	27.40
36	14.45	14.45	28.89
37	15.28	15.28	30.56
38	16.21	16.21	32.42
39	17.26	17.26	34.51
40	18.45	18.45	36.89
41	19.80	19.80	39.60
42	21.36	21.36	42.72
43	23.19	23.19	46.37
44	25.34	25.34	50.67
45	27.91	27.91	55.81
46	31.05	31.05	62.09
47	34.96	34.96	69.92
48	39.96	39.96	79.92
49	46.65	46.65	93.30
50	55.96	55.96	111.91
51	69.87	69.87	139.74
52	92.99	92.99	185.97
53	139.10	139.10	278.19
54	277.15	277.15	554.30

Premium for Insurance for Any Year can be Determined from Table XVIII or XIX

From Table XVIII or XIX above, the amount of premium to be paid for life insurance during any year can be determined readily as a percentage of the salary of the employe for the year. To illustrate how such premium may be obtained, assume that an employe enters a branch of the service at age 26, where the standard age of

retirement is 60, with a salary of $1200. The amount of insurance to be assumed at the outset in such case will therefore be one and one-fourth times the amount of salary, or $1500. By reference to Table XVIII, at "age when insurance is taken," namely, age 26, the amount to be paid in premium for each $1000 of insurance is found to be $17.41. The amount to be paid for an insurance of $1500 will therefore be $25.62. This is 2.14 per cent of the salary of the year, namely, $1200. Of this amount one-half is to be paid by the employer and one-half by the employe.

Table XVIII or XIX May be Used to Determine the Amounts of Premiums to be Paid when the Salary Increases as the Years of Service Increase

To show how the premium of any year may be determined as a percentage of the salary of the year, in cases where the salary has increased over that of the previous year, consider the following illustration:

Suppose that an employe enters a branch of the service at age 26 where the standard age of retirement is 60, and that his salary is that of the Chicago Teachers' Salary Scale. Then, during the first year, since the salary is $800 the amount of insurance will be one and one-fourth times $800 or $1000. By reference to Table XVIII, it is seen that the premium is $17.41. This is 2.14 per cent of the salary of the year, or $800.

At the beginning of the second year, there is an increase in salary of $50. This will give an increase in insurance of one and one-fourth times $50 or $62.50. By reference to Table XVIII, the premium at age 27 is seen to be $17.97 per $1000 of insurance. The premium for $62.50 of insurance will therefore be $1.12. The total premium of the year will therefore be $17.41 due to the insurance assumed at the beginning of the preceding year plus $1.12 due to the insurance assumed because of increase in salary, or $18.53 in all. This is 2.18 per cent of the salary of the year, namely, $850.

In a similar manner we may proceed and derive the percentage of salary required as combined contributions of employer and employe during all the years of service until the employe attains the standard age of retirement. Such percentages are given in Table XX.

Table XXI gives the percentages required for an insurance of one and one-fourth times the salary when the salary follows the Municipal Clerical Service Salary Scale, and Table XXII, the percentages required for an insurance of one and three-fourths times the salary when the salary follows the Policemen's and Firemen's

Salary Scale. In both cases the insurance is paid up when the employe attains the standard age of retirement.

TABLE XX

TABLE SHOWING THE PREMIUM REQUIRED FOR THE INSURANCE STATED, AS A PERCENTAGE OF THE SALARY FOR THE AGES AT ENTRANCE AS GIVEN. STANDARD AGE OF RETIREMENT 60. SALARY THAT OF THE CHICAGO TEACHERS SALARY SCALE.

INSURANCE TO BE PAID UP AT AGE OF 60

Years of Service	Salary	Amount of Insurance	Percentage of Salary Required as Premium at Age at Entrance Into Service				
			21	23	26	30	35
1st year	$ 800	$1000.00	1.89	1.99	2.18	2.49	3.03
2d year	850	1062.50	1.89	1.99	2.18	2.49	3.03
3d year	900	1125.00	1.89	2.00	2.19	2.50	3.05
4th year	950	1187.50	1.90	2.01	2.20	2.52	3.07
5th year	1000	1250.00	1.91	2.02	2.21	2.54	3.10
6th year	1050	1312.50	1.93	2.04	2.23	2.56	3.14
7th year	1100	1375.00	1.94	2.05	2.25	2.59	3.18
8th year	1150	1437.50	1.95	2.07	2.27	2.62	3.23
9th year	1200	1500.00	1.98	2.09	2.30	2.65	3.28
10th year	1260	1575.00	2.00	2.12	2.33	2.70	3.36
11th year	1380	1725.00	2.05	2.18	2.41	2.80	3.52
12th year and after	1500	1875.00	2.10	2.24	2.48	2.90	3.68

TABLE XXI

TABLE SHOWING THE PREMIUM REQUIRED FOR THE INSURANCE STATED, AS A PERCENTAGE OF THE SALARY FOR THE AGES AT ENTRANCE AS GIVEN. STANDARD AGE OF RETIREMENT 60. SALARY THAT OF THE MUNICIPAL CLERICAL SERVICE SALARY SCALE.

INSURANCE TO BE PAID UP AT AGE OF 60

Years of Service	Salary	Amount of Insurance	Percentage of Salary Required as Premium at Age at Entrance Into Service				
			21	23	26	30	35
1st year	$ 960	$1200	1.89	1.99	2.18	2.49	3.02
2d year	1080	1350	1.89	2.00	2.18	2.50	3.04
3d year	1200	1500	1.90	2.01	2.20	2.52	3.07
4th year	1200	1500	1.90	2.01	2.20	2.52	3.07
5th year	1320	1650	1.92	2.03	2.22	2.55	3.12
6th year	1320	1650	1.92	2.03	2.22	2.55	3.12
7th year	1320	1650	1.92	2.03	2.22	2.55	3.12
8th year	1320	1650	1.92	2.03	2.22	2.55	3.12
9th year	1320	1650	1.92	2.03	2.22	2.55	3.12
10th year	1440	1800	1.97	2.08	2.29	2.64	3.27
11th year	1440	1800	1.97	2.08	2.29	2.64	3.27
12th year	1680	2100	2.07	2.20	2.44	2.84	3.60
13th year and after	1740	2175	2.09	2.23	2.47	2.89	3.68

TABLE XXII

TABLE SHOWING THE PREMIUM REQUIRED FOR THE INSURANCE STATED, AS A PERCENTAGE OF THE SALARY FOR THE AGES AT ENTRANCE AS GIVEN. STANDARD AGE OF RETIREMENT 55. SALARY THAT OF THE POLICEMEN'S AND FIREMEN'S SALARY SCALE.

INSURANCE TO BE PAID UP AT AGE OF 55

Years of Service	Salary	Amount of Insurance	Percentage of Salary Required as Premium at Age at Entrance Into Service				
			21	23	26	28	30
1st year	$1260	$2205	2.78	2.96	3.26	3.52	3.81
2d year	1380	2415	2.79	2.97	3.27	3.53	3.82
3d year	1470	2573	2.80	2.98	3.29	3.55	3.85
4th year and after	1500	2625	2.80	3.00	3.30	3.55	3.85

AMOUNTS OF WIDOW'S ANNUITY

The Standard Plan provides that if an employe dies while in service before attaining the Standard Age of Retirement from causes other than injuries received while in the performance of duty, leaving a widow, then the widow will receive an annuity computed as follows:

The amount of the husband's life insurance together with the amount of the accumulations from his own contributions for old-age retirement annuity will be used to provide the annuity except that if the amount of annuity thus provided would exceed 20 per cent of the salary which the employe was receiving at the time of his death if he was other than a policeman or a fireman, or 25 per cent if he was a policeman or a fireman, then the amount of annuity is to be an amount equal to the percentage stated. If the amount thus provided is not sufficient to yield an annuity of the percentage stated, then there shall be added from the accumulations of the contributions of the employer for old-age retirement annuity of the employe, if the amount of accumulation will permit, an amount so that the annuity will be of the percentage of salary stated.

This applies to women five years younger than their husbands. The amount of annuity will be greater or less than this according to whether or not the widow was older or younger than five years younger than her husband.

Tables XXIII, XXIV, and XXV below show the amounts of annuity available to widows who were five years younger than their husbands, in cases where the husbands entered the service at age 26 and died at the ages stated in the tables.

TABLE XXIII

TABLE SHOWING THE AMOUNT PROVIDED FOR ANNUITY AND THE AMOUNT OF ANNUITY AVAILABLE TO WIDOW WHOSE HUSBAND ENTERED THE SERVICE AT AGE 26 AND DIED WHILE IN SERVICE AT THE ATTAINED AGE STATED IN THE TABLE. SALARY OF EMPLOYE THAT OF THE CHICAGO TEACHER'S SALARY SCALE. STANDARD AGE OF RETIREMENT 60. WIDOW 5 YEARS YOUNGER THAN HER HUSBAND.

(1) Years in Service	(2) Attained Age	(3) Amount of Life Insurance	(4) Amount of Accumulation for Old-Age Retirement Annuity After Discount for Refund	(5) Total to Provide Annuity Col. 3+Col. 4	(6) Amount of Annuity
1	27	$1000.00	$ 54.55	$1054.55	$ 56
2	28	1062.50	114.91	1177.41	63
3	29	1125.00	180.59	1305.59	70
4	30	1187.50	254.04	1441.54	78
5	31	1250.00	334.86	1584.86	82
6	32	1312.50	423.69	1736.19	96
7	33	1375.00	521.20	1896.20	105
8	34	1437.50	628.15	2065.65	115
9	35	1500.00	745.38	2245.38	127
10	36	1575.00	875.09	2450.09	139
11	37	1725.00	1027.01	2752.01	158

(1) Years in Service	(2) Attained Age	(3) Amount of Life Insurance	(4) Amount of Accumulation for Old-Age Retirement Annuity After Discount for Refund	(5) Total to Provide Annuity Col. 3+Col. 4	(6) Amount of Annuity
12	38	$1875.00	$1203.63	$3078.63	$178
13	39	1875.00	1387.31	3262.31	191
14	40	1875.00	1578.33	3453.33	204
15	41	1875.00	1776.99	3651.99	218
16	42	1875.00	1983.61	3858.61	234
17	43	1875.00	2198.48	4073.48	249
18	44	1875.00	2421.95	4296.95	267
19	45	1875.00	2654.37	4529.37	285
20	46	1875.00	2896.08	4771.08	300
21	47	1875.00	3147.46	5022.46	300
22	48	1875.00	3408.89	5283.89	300
23	49	1875.00	3680.78	5555.78	300
24	50	1875.00	3963.55	5838.55	300
25	51	1875.00	4257.63	6132.63	300
26	52	1875.00	4427.84	6302.84	300
27	53	1875.00	4605.05	6480.05	300
28	54	1875.00	4789.25	6664.25	300
29	55	1875.00	4981.36	6856.36	300
30	56	1875.00	5180.61	7055.61	300
31	57	1875.00	5387.84	7262.84	300
32	58	1875.00	5603.36	7478.36	300
33	59	1875.00	5827.49	7702.49	300
34	60	1875.00	6060.59	7935.59	300

TABLE XXIV

TABLE SHOWING THE AMOUNT PROVIDED FOR ANNUITY AND THE AMOUNT OF ANNUITY AVAILABLE TO WIDOWS WHOSE HUSBANDS ENTERED THE SERVICE AT AGE 26 AND DIED WHILE IN SERVICE AT THE ATTAINED AGE IN THE TABLE. SALARY OF EMPLOYE THAT OF THE MUNICIPAL CLERICAL SERVICE SALARY SCALE. STANDARD AGE OF RETIREMENT 60. WIDOW 5 YEARS YOUNGER THAN HER HUSBAND.

(1) Years in Service	(2) Attained Age	(3) Amount of Life Insurance	(4) Amount of Accumulation for Old-Age Retirement Annuity After Discount for Refund	(5) Total to Provide Annuity Col. 3+Col. 4	(6) Amount of Annuity
1	27	$1200.00	$ 65.46	$1265.46	$ 73
2	28	1350.00	142.16	1492.16	80
3	29	1500.00	231.22	1731.22	93
4	30	1500.00	323.85	1823.85	99
5	31	1650.00	430.90	2080.90	114
6	32	1650.00	542.22	2192.22	121
7	33	1650.00	658.00	2308.00	128
8	34	1650.00	778.41	2428.41	136
9	35	1650.00	903.64	2553.64	144
10	36	1800.00	1049.46	2849.46	162
11	37	1800.00	1201.13	3001.13	172
12	38	2100.00	1396.10	3496.10	203
13	39	2175.00	1609.14	3784.14	221
14	40	2175.00	1830.71	4005.71	237
15	41	2175.00	2061.07	4236.07	253
16	42	2175.00	2300.72	4475.72	271
17	43	2175.00	2549.95	4724.95	290
18	44	2175.00	2809.15	4984.15	309
19	45	2175.00	3078.72	5253.72	331
20	46	2175.00	3359.07	5553.72	343
21	47	2175.00	3650.62	5825.63	343
22	48	2175.00	3953.86	6128.86	343
23	49	2175.00	4269.21	6444.21	343
24	50	2175.00	4597.18	6772.18	343
25	51	2175.00	4938.27	7113.27	343
26	52	2175.00	5135.80	7310.80	343
27	53	2175.00	5341.23	7516.23	343
28	54	2175.00	5554.88	7729.88	343
29	55	2175.00	5777.07	7952.07	343
30	56	2175.00	6008.15	8183.15	343
31	57	2175.00	6248.48	8423.48	343
32	58	2175.00	6498.42	8673.42	343
33	59	2175.00	6758.35	8933.35	343
34	60	2175.00	7028.69	9203.69	343

TABLE XXV

TABLE SHOWING THE AMOUNT PROVIDED FOR ANNUITY AND THE AMOUNT OF ANNUITY AVAILABLE TO WIDOWS WHOSE HUSBANDS ENTERED THE SERVICE AT AGE 26 AND DIED WHILE IN SERVICE AT THE ATTAINED AGE STATED IN THE TABLE. SALARY OF EMPLOYE THAT OF THE POLICEMEN'S AND FIREMEN'S SALARY SCALE. STANDARD AGE OF RETIREMENT 55. WIDOW 5 YEARS YOUNGER THAN HER HUSBAND.

(1) Years in Service	(2) Attained Age	(3) Amount of Life Insurance	(4) Amount of Accumulation for Old-Age Retirement Annuity After Discount for Refund	(5) Total to Provide Annuity Col. 3+Col. 4	(6) Amount of Annuity
1	27	$2205.00	$ 152.20	$2357.20	$125
2	28	2415.00	325.96	2740.96	147
3	29	2573.00	518.86	3091.86	167
4	30	2625.00	723.96	3348.96	182
5	31	2625.00	938.23	3563.23	195
6	32	2625.00	1160.10	3785.10	208
7	33	2625.00	1390.85	4015.85	223
8	34	2625.00	1630.82	4255.82	238
9	35	2625.00	1880.38	4505.38	254
10	36	2625.00	2139.94	4764.94	271
11	37	2625.00	2409.87	5034.87	289
12	38	2625.00	2690.60	5315.60	308
13	39	2625.00	2982.56	5607.56	328
14	40	2625.00	3286.20	5911.20	350
15	41	2625.00	3601.99	6226.99	373
16	42	2625.00	3930.41	6555.41	375
17	43	2625.00	4271.96	6896.96	375
18	44	2625.00	4627.18	7252.18	375
19	45	2625.00	4996.60	7621.60	375
20	46	2625.00	5380.80	8005.80	375
21	47	2625.00	5780.36	8405.36	375
22	48	2625.00	6195.91	8820.91	375
23	49	2625.00	6628.08	9253.08	375
24	50	2625.00	7077.54	9702.54	375
25	51	2625.00	7544.98	10169.98	375
26	52	2625.00	7840.94	10465.94	375
27	53	2625.00	8154.58	10779.58	375
28	54	2625.00	8480.76	11105.76	375
29	55	2625.00	8820.00	11445.00	375

SURVIVORSHIP ANNUITIES

The Standard Plan provides that when a male employe attains the standard age of retirement, or when he enters upon annuity if he enters upon annuity before he attains the standard age of retirement, if he has a wife, the reserve on the life insurance provided for him shall be used to provide an annuity for such wife. This annuity is to begin upon death of the husband and continue during her entire after life-time.

Cost of Survivorship Annuity

The cost of a survivorship annuity when the wife is five years younger than the husband is in the neighborhood of $385 for each $100 of annuity payable to wives, for all ages of husbands between age 55 and age 60. If a wife is younger than her husband by less than five years or if she is older than her husband, the amount of survivorship annuity purchasable by $385 is greater than $100. If she is younger than her husband by more than five years it is less than $100.

Amounts of Survivorship Annuities Provided by the Standard Plan

The amount of survivorship annuity provided in the Standard Plan for the wife of an employe in the case of a normal difference in ages between husband and wife—that is, when the wife is five years younger than the husband—is found as follows:

WHEN THE EMPLOYE IS OTHER THAN A POLICEMAN OR A FIREMAN—The reserve on an insurance of $1000 under the proposed plan of insurance at age 60 is $626.92. Then if the employe has a salary of $1500, the amount of insurance provided for and by him will be one and one-fourth times $1500, or $1875, and the amount in reserve on this amount of insurance, at age 60, will be $1175.48. This amount divided by 385, which is the amount stated in the preceding paragraph as the cost of a survivorship annuity of $100, gives $305, which is, therefore, the amount of survivorship annuity payable to the widow of the employe where the final salary of the employe is $1500. This is approximately 20 per cent of the salary of the employe.

Similarly, for any other amount of final salary, the amount of survivorship annuity when the standard age of retirement is 60 will be approximately 20 per cent of the salary of the employe.

WHEN THE EMPLOYE IS A POLICEMAN OR A FIREMAN—In this case the reserve on an insurance of $1000 at age 55 is $566.15. Then if the employe has a salary of $1500, the amount of insurance carried for and by him will be one and three-fourths times $1500, or $2625, and the amount in reserve on this amount of insurance will be $1486.14. This amount divided by 385 gives $386, which is, therefore, the amount of survivorship annuity payable to the widow of the employe where the final salary of the employe is $1500. This is approximately 25 per cent of the salary of the employe.

Similarly, for any other amount of final salary, the amount of survivorship annuity when the standard age of retirement is 55 will be approximately 25 per cent of the salary of the employe.

STANDARD PLAN AS IT RELATES TO PRESENT EMPLOYES

The above provisions of this chapter refer only to those who enter the service after the Standard Plan takes effect. The provisions relating to those in service at the time the Standard Plan takes effect are given below. It will be seen that they are substantially the same as those outlined above except for modifications due to inadequate contributions in the past as compared with those required under this plan.

Part of Old Age Retirement Annuity Provided by the Employer

Under the Standard Plan, the number of years of service of the employe before he came under the provisions of the plan would first be determined. This would include all service rendered after the employe attained the standard age of retirement in cases where an employe is over the standard age of retirement when he comes under the provisions of the plan. It would also include, in cases where the employe is under an existing pension plan, all years of service for which credit is given under the existing plan.

The amount would then be determined which would be to the credit of the employe as an accumulation from contributions of the employer at the time when the employe comes under the provisions of the Standard Plan, if he had rendered under this plan the number of years of service as determined in the preceding paragraph, and his salary during his entire period of prior service had been the same as it is at the time when he comes under the provisions of this plan.

For instance, if an employe now age 28 in a service where the standard age of retirement is 60, was in service for 2 years, and his salary at the time when he came under the provisions of this plan is $1000 the employer would contribute 4.56 per cent of salary (See Table I or II) per year for two years with interest accumulations at 4 per cent compound interest. This would amount to $45.60 per year with interest accumulations also to be added. Or, again, suppose that an employe is now aged 65 in a service where the standard age of retirement is 60 and was in service for a period of 20 years and his salary at the time when he came under the provisions of this plan is $1000, then the employer would contribute subject to the limitation in contributions of 8 per cent as if the employe entered the service at age 45. This percentage by reference to Table IV is seen to be in excess of the 8 per cent limitation. The employer would therefore contribute an amount equal to 8 per cent of $1000 per year for 20 years with interest accumulations, and the amount thus determined would be used as the basis on which the amount of annuity which the employe would receive from contributions of the employer would be determined.

If the employe be under the standard age of retirement at the time when he comes under the provisions of this plan, the employer will contribute the percentage of salary necessary so that the accumulation, when taken with the accumulation to the credit of the employe from contributions of the employer at that time, will be sufficient when the employe reaches the standard age of retirement to provide an

annuity of two-thirds of 40 per cent of salary if the employe be other than a policeman or a fireman, or three-fourths of 50 per cent of salary if the employe be a policeman or a fireman. The contributions of the employer, however, shall be subject to the same limitation in contributions as was imposed in the case of future entrants.

Under this plan, the part of the annuity of a present employe derived from contributions of the employer will be as great in all cases as that which a future entrant of like salary and like age at entrance into service would receive from contributions of the employer. In the cases of a few present employes who entered the service late in life and are over the standard age of retirement when they come under the provisions of the plan, the annuity would be somewhat larger than that which a future entrant under like conditions would receive. This is due to the fact that in the case of a present employe, service rendered after attainment of the standard age of retirement counts in computing the period of service, whereas in the case of a future entrant such service is not counted.

Part of Old Age Retirement Annuity Provided by the Employe

If an employe prior to his coming under the provisions of the Standard Plan was a contributor to a pension system which the proposed system supersedes, he receives credit for all the contributions made to the superseded system with 4 per cent interest compounded to the date when he comes under the new system.

Beginning at the time when he comes under the new system, he will then contribute such a percentage of salary as will accumulate to an amount which when taken with the accumulation to his credit when he comes under the system will be sufficient to provide an annuity of one-third of 40 per cent of salary if he be other than a policeman or a fireman or one-fourth of 50 per cent of salary if he be a policeman or a fireman. The percentage of salary to be contributed during any year, however, is not to exceed 4 per cent.

Under these provisions, an employe who has contributed little to a superseded system will contribute under the Standard Plan practically the same percentage of salary that he would contribute if he were entering the service at the time he comes under the provisions of the plan. These percentages are stated in Tables I, II, III, IV and V. From these tables we see that if an employe other than a policeman or a fireman is under age 38, or a policeman or a fireman is under age 32, at the time when he comes under the provisions of the Standard Plan, even if he has not contributed to a superseded system, he may still make contributions sufficient before reaching the standard age

of retirement to provide the part of the annuity called for from his own contributions.

If an employe has been a contributor to a superseded system then the age at which the limitation of 4 per cent of salary will operate to reduce the amount of accumulation which would otherwise be to his credit when he reaches the standard age of retirement, will be increased beyond ages 38 and 32 respectively.

Nevertheless, where the older employes are concerned some have already passed the standard age of retirement while others are so near that age that there will not be enough time before reaching that age in which an accumulation of an amount sufficient to provide the normal annuity can be made. The Standard Plan provides that in such cases, the employe, if he remains in service, is to continue contributions until he has contributed sufficient funds to provide the normal annuity.

Notwithstanding the above provisions for present employes, perhaps all of the older employes in the police and fire services, and some of the older employes in some of the other services, could not receive, under these provisions, the annuity provided under the system to which they were formerly contributors. To meet this situation the Standard Plan contains the provision that a present employe who was a contributor to a pension system which the proposed system would supersede and has attained, or shall have attained, at least the minimum age of retirement while in service, shall be entitled to an annuity of one or other of the following amounts, whichever is the greater:

1. An annuity of the amount provided under the Standard Plan.

2. An annuity equal in amount to the pension that was promised in the superseded system to which the employe was a contributor, to an employe of the salary, rank or position which the employe holds at the time when the Standard Plan goes into effect.

The payment of the annuity stated in the second case, however, is subject to the provisions that the employe must have satisfied all the requirements for pension that were contained in the superseded act, and that if he has a wife who would have been entitled to a pension under the superseded act, if the act had remained in force, then he must continue his own contributions for life insurance and assume those of the employer on his behalf until he attains the standard age of retirement.

Part of Life Insurance Provided by the Employer

Under the Standard Plan, the employer would assume one-half of the amount of life insurance provided for an employe who is entering the service. That is, if the employe had entered the service at an

age sufficiently early that the maximum amount of life insurance would have been available for him, had the plan been in effect, then the employer will provide for the employe an insurance of an amount equal to one-half of one and one-quarter years' salary if he be other than a policeman or a fireman, or one-half of one and three-quarter years' salary if he be a policeman or a fireman.

Under this provision a present employe aged 40 or under, if he be other than a policeman or a fireman, or aged 31 or under if he be a policeman or a fireman, when he entered the service, will be insured by the employer for the amount just stated. If he was older than the age just stated when he entered the service, then the amount of insurance which the employer will assume in his behalf can be determined readily from Table XXVI or Table XXVII.

To illustrate how the amount of insurance may be determined in such a case, consider the case of an employe who entered a service at age 50 where the standard age of retirement is 60, and the salary of the employe is $1500. From Table XXVI we see that 2 per cent of a salary of $1000, or $20.00, will provide an insurance of $316. Then 2 per cent of a salary of $1500, or $30.00, will provide an insurance of thirty-twentieths of $316, or $474.

TABLE XXVI

TABLE SHOWING THE AMOUNT OF INSURANCE WHICH THE EMPLOYER WILL ASSUME FOR THE BENEFIT OF A PRESENT EMPLOYE WHO ENTERED THE SERVICE AT THE AGE STATED IN THE TABLE AND HAS A SALARY OF $1000.

Standard Age of Retirement 60

Age	Amount of Insurance	Age	Amount of Insurance
40 or less	$625	50	$316
41	616	51	285
42	582	52	253
43	550	53	222
44	514	54	190
45	480	55	159
46	447	56	128
47	414	57	96
48	381	58	65
49	349	59	33

TABLE XXVII

TABLE SHOWING THE AMOUNT OF INSURANCE WHICH THE EMPLOYER WILL ASSUME FOR THE BENEFIT OF A PRESENT EMPLOYE WHO ENTERED THE SERVICE AT THE AGE STATED IN THE TABLE AND HAS A SALARY OF $1000.

Standard Age of Retirement 55

Age	Amount of Insurance	Age	Amount of Insurance
31 or less	$875	43	$431
32	844	44	395
33	806	45	358
34	769	46	322
35	730	47	286
36	692	48	250
37	654	49	214
38	617	50	179
39	579	51	143
40	542	52	108
41	505	53	72
42	468	54	36

Part of Life Insurance Provided by the Employe

The amount of life insurance which a present employe can carry under the provisions of the Standard Plan can be determined from Table XXVI or XXVII above in a manner exactly similar to that employed in determining the amount of life insurance which the employer will assume on behalf of the employe, except that the age in the table does not now refer to the age when the employe entered the service but to the age of the employe when he comes under the provisions of the Standard Plan.

Amounts of Widows' Annuities

The amount of insurance assumed by the employer together with the accumulation to the credit of the employe, when he comes under the provisions of the Standard Plan, from contributions assumed by the employer for the old-age retirement annuity of the employe, will be sufficient to provide a widow's annuity of one-half of the amount stated in Table XXIII, XXIV, or XXV opposite the age in the table that corresponds to the age of the employe when he comes under the provisions of the plan. This amount is available to the employe from contributions of the employer alone, at the time when the employe comes under the provisions of the Standard Plan.

To this amount would be added the amount of annuity which the part of the life insurance carried by the employe would afford and the amount of annuity which any accumulation to the credit of the employe due to his contributions to a superseded system would provide.

Amounts of Survivorship Annuities

The amount of insurance assumed by the employer will be sufficient to provide a survivorship annuity, in the case of a normal relative difference in age between an employe and his wife, of 10 per cent of the salary of the employe if he be other than a policeman or a fireman or 12½ per cent if he be a policeman or a fireman. This amount will be increased by the amount of survivorship annuity that can be provided by the insurance carried by the employe. In all cases therefore except those of the older employes, the amount of survivorship annuity available for a widow would be the same as that provided for the widow of an employe who entered the service after the plan went into effect, namely 20 per cent of the salary of the employe if he be other than a policeman or a fireman or 25 per cent if he be a policeman or a fireman.

Further Provisions Affecting Widows of Present Employes

The Standard Plan provides that widows of employes who are at present under a pension plan that contains provisions for pensions to widows, shall receive the pension provided under such present act.

CHAPTER V

DISTINCTIVE FEATURES OF STANDARD PLAN FOR A COMPREHENSIVE SYSTEM OF PENSION FUNDS

The modern conception of a Pension System rejects the idea of gratuity; it does not consider the pension as a sum that is taken from one class of citizens and given to another; it establishes itself upon the conviction that a pension is given in consideration of services.

The modern Pension or Annuity System inevitably adheres to the relationship of employer to employe. In establishing such Systems the Government seeks to improve the public service by facilitating the elimination from its active force of those who have lost their efficiency because of advancing age, accident or sickness; by encouraging the retention in the service of the best of its existing employes, by attracting to the service a higher grade of men; and by stimulating the morale of its employes. The System is to be justified by the interests of the Government as an employer. It would, however, appear to be as well an advantage to the general public, since such a system tends to create stability of employment, and independence of employes, and reduce the need for public and private charity. It is extremely important that the State in establishing a Pension System should establish it upon a sound and equitable basis, one fit to become a model for private Pensions Systems.

Pensions Are a Part of Employe's Compensation for Services

In theory, all these Pension Systems are supported by the wage fund, and when they have been extended so as to include all employes, it will unquestionably be true that the contribution of the employer, as well as that of the employe, will, in effect, be wages, the payment of which has been deferred. The current salaries then paid will be adjusted to conform with the pension benefits assured and the entire Pension System will be recognized as containing no element of gratuity, but as being supported entirely out of the fund for wages. It is beyond question true that the assurance of a pension is reflected in *some* reduction of current salaries. When, therefore, a Pension System is established, which affects all current salaries, the opportunity

to participate in the System ought to be given to all public employes, —as a matter of right.

It has, however, been considered impossible to extend it to all employes. All scientific Pension Systems must be based upon general mortality averages. The average person, 60 years old, will live 14 years, but individuals will vary widely from this average. It has been regarded as essential to the organization of a pension group that it should contain sufficient members to make their life experiences conform to the general average. If a Pension System were established for a comparatively small group and the first pensioners should happen to live far beyond the average lifetime, their pensions would exceed the available contributions, which are necessarily based upon the general average. It has hence been considered that a sound Pension System requires at least five hundred participants. There are about 55,000 public employes participating in Pension Systems in Illinois; there are about 20,000 public employes for whom no such participation has been provided. No reason for this distinction exists except that generally speaking the pensioned employes perform their work in large groups, while the non-pensioned employes operate in small or scattered groups.

System Should Be Extended to All Public Employes

Since the support of a Pension System will be reflected in the general wage scale, and since, therefore, the burden falls upon all employes, it has seemed to your Commission that it ought to devote a great deal of consideration to an effort to extend the benefits of the Pension System to all public employes, instead of merely to some.

One of the distinctive features of the plan presented is that it offers a method by which participation in pension benefits may ultimately be extended to all public employes whose tenure of office is such as to make such extension desirable.

The Commission has also been impressed with the varying treatment extended under existing Pension Systems to those who die in service or are the victims of sickness or accident. It has appeared, in examining existing laws, that the provisions made for protection in the case of death and physical disability have been even less judicious than those for old-age annuities.

Plan Provides Protection Against Dependence During Productive Period

A Pension System primarily provides protection against dependence in old age. It has, however, seemed equally important to provide, so far as possible, against dependence during the productive period of

life. And the prevailing attitude of the American people with respect to insurance has convinced your Commission that the average public employe is quite as much concerned for the welfare of his family in case of his death or disability as for his own welfare during his old age. This is surely a sound sentiment and one to be noted by students of Pension Systems. The wages of all are affected by the operation of a Pension System;—therefore, all ought to have the opportunity to participate in the System. And those who have borne the burdens, but do not live to enjoy the benefits, of superannuation annuities, have surely acquired rights that must be considered. Statistics show that out of 100 men entering a certain employment at 30 years of age, approximately 33 will die in service before attaining the age of 60. About 30 will leave. Only about 37 will live and remain in service to the age of retirement.

Now, it has never been the intention, in establishing a Pension System, to inflict an injustice upon any individual. The effort has been to protect him against known hazards; not to subject him to new ones. It has been recognized that it would subject an employe to a new hazard if he were to be forced into a Pension System partly supported at his own expense, none of the benefits of which could be enjoyed by him unless he lived and remained in the same employment to and beyond the age of retirement.

Haphazard Benefit Schemes Would Be Replaced by Sound Insurance

Under the many Systems that have been examined there has been found a bewildering variety of benefits offered on account of employes dying in the service or leaving the service because of disability, attesting to the fundamental conception that the hazard of death in employment especially, and the consequent claim of the decedent's family for relief, cannot escape recognition. These benefits expressed in terms of "widows' annuities," "children's pensions" and "sick benefits," have not in general appeared to be based upon any sound principle or method. Indeed, the problem is most difficult. But it has been the effort of the Commission to suggest as a substitute for the uncertain and haphazard methods that characterize some of the existing Pension Systems in this State, a more definite and scientific method of providing against the hazard of death, in particular, and to inaugurate a more systematic method to meet the hazard of disability. To accomplish this it has seemed to be necessary to avail ourselves of the tried and sound methods of legal reserve life insurance companies.

We have, therefore, incorporated into the Pension System submitted, a complete insurance system, and we believe that no Pension System can be considered to be complete and satisfactory that does not recognize the necessity of providing insurance protection, as well as the promise of an annuity. This mortising of insurance and annuities is, we believe, a distinctive feature of the plan we submit. So far as we are aware no definite and scientific insurance system has been consolidated with an annuity system in such a manner as to create an integral whole, while at the same time each part is kept distinct from the other in the matter of contributions to its support and treatment of the equities established in its operation.

Standard Plan Distinctive in Consolidating Provisions for Three Hazards

In a general way, therefore, the effort to provide for the extension to all public employes and their dependents of the full benefits of protection against all the hazards of life, has resulted in certain features in the plan submitted that require special discussion because they are peculiar to it. We believe our plan to be unique in this, that whereas other Systems are limited in their application to large groups of employes, we have endeavored to establish this plan upon such a basis as to make it open eventually to all employes; and whereas all other systems have provided for *some,* and some of such Systems have perhaps provided for all, of the hazards of life, this plan not only provides for all of the hazards of life for employes, but provides for some according to approved plans for accumulating annuities and for others according to approved insurance methods, and at the same time consolidates the annuity provisions and the insurance provisions into a single, complete and workable System.

It can hardly be doubted that these objects will be considered desirable in a State where public sentiment has supported so generously the modern theories of pension rights and obligations. As to whether the plan recommended by the Commission actually will accomplish all that was in the minds of the Commissioners, must be decided by the wisdom of the legislature. The technical description of the methods adopted would perhaps weary most readers, and the purpose of this chapter is to attempt to describe, in brief and simple language, the distinctive salient features of the plan, and particularly those designed to broaden and systematize the provisions for protection during active service, and to extend, in the interest of equity, the opportunity of becoming identified with the general Pension System to all instead of to a part only of the public employes.

Systems Under Fifteen Present Laws Would Be Consolidated

There are at present fifteen laws in Illinois providing for the establishment of Pension Systems for groups of public employes. These Systems differ from one another and all differ from the proposed System. The problem is to correlate or consolidate these Systems into a combined uniform System that will extend to all public employes equal opportunities.

The general purpose of these laws is to accumulate and administer funds to provide old age retirement annuities, disability benefits and widows' and children's pensions. Under the existing laws the employes are segregated for pension purposes into thirty or more different groups, and the number of employes in these groups varies from 26,000 to eight. The officials of various cities who have in disregard of the law failed to establish a Pension System with but eight or ten participants are not to be reprobated without some qualifications, for no law yet drawn in this State could be applied to a group so small without inflicting grave injustice and resulting in ultimate disaster.

It is obvious that for each group there must be a Board of Managers, or Trustees, to pass upon eligibility to pension benefits, to collect, invest and disburse the funds, and in general to administer the law pertaining to the group. Under present laws these Retirement Boards, as they are usually called, are subject in some cases to a limited control by the State Insurance Commissioner, but in most cases conduct their business without supervision. So far as the law controls these Retirement Boards, they have in general certain sources of income and certain obligations to meet. They are held to no requirements as to the segregation of funds. Except in particular cases, they are not held to rigid requirements in the matter of keeping of accounts.

It has been found in practice that these Retirement Boards perform a useful function. They are the point of contact between the individual and the System, and tend, undoubtedly, to keep active a salutary interest on the part of the employes in the success of the System. They control influences that prevent malingering to secure sick benefits, and they also are in a position to secure and transmit valuable information as to the general effect of the enforcement of the law.

Approves Having Elected Employes the Majority on Each Retirement Board

The Commission approves the custom under which the majority of the members of these Retirement Boards are chosen from among

the employes and pensioners. Boards thus chosen seem well qualified to perform such services. But the Commission emphatically declares that systems of accounting must be standardized and controlled, and that funds must be segregated. In order to assure this, some central Board of Control must be established. If the plan submitted be accepted this will be imperatively necessary. For under this plan the funds on hand will grow to large dimensions and must not only be accounted for under approved methods and segregated as specified in the law, but the action of the Retirement Boards must be subject to supervision, regulation and approval in many very important particulars.

The Commission has, therefore, provided in the plan for a State Board of Control, consisting of three Trustees, to be appointed by the Governor and to be vested with power to examine, prescribe methods for, and supervise the activities of, Retirement Boards, and to exercise general control over the fiscal administration of the respective systems. Notwithstanding the powers vested in this Central Board, and subject to it, the Commission deems it wise to continue the Retirement Boards in the respective groups. A time may arrive when it will be possible, if deemed expedient, to dispense with the local Retirement Boards.

Central State Board of Control to Standardize and Supervise

This State Board of Control will prescribe methods of accounting for the Retirement Boards, direct the general policy of investments subject to the limitations fixed in the law, and veto objectionable ones; exercise the power of visitation; conduct periodical examinations; make acutarial investigations to determine the adequacy of the contributions being made; and collect, arrange and expound to the Legislature, or Governor (when requested) the information and recommendations relating to the general subject of pensions.

These purposes alone fully justify the creation of a Central Board of Control of the entire System. But it appears to have another and equally important function, namely, to administer what, for want of a better term, we shall call the Equalization Fund.

How the Equalization Fund Would Care for Variations

To describe the purpose for which the Commission proposes the establishment of this fund and its control by the State Board of Control, we may, for illustrative purposes, assume that for all those who attain the age of 60, there remains upon the average 14 years of added life. But it is certain that some will live less and some more than 14 years. Suppose that the Retirement Board had accumulated an amount

to the credit of an individual who retires at the age of 60, sufficient, with interest, to make 14 annual payments of a stated amount as a pension, and suppose that person to die before receiving the 14 annual instalments, then under the plan the balance in the fund would be paid to the State Board of Control and placed in the Equalization Fund.

And, upon the other hand, suppose that another person, entering upon his pension at the age of 60, exhausts the fund provided to pay him 14 annual instalments and still lives. In such case his future payments would be made by the State Board of Control out of the Equalization Fund. In the absence of some violent disturbance of the law of averages this Equalization Fund should always be supplied with funds sufficient to meet the demands upon it. If its surplus or deficit, as the case might be, becomes abnormal, new actuarial calculations must be made to establish the basis for some change in the rates of contribution.

Would Give All Benefit of Law of Averages

This simple method appears to bring every Pension System, large and small, into the enjoyment of the law of mortality averages, and it was the lack of this feature that had heretofore made it appear impossible to extend pension privileges to small groups of employes. The difficulty is avoided, however, by making each individual group a part of a larger group, composed of all employes, thus extending to all participation in the law of mortality averages.

Applies Law of Averages to Protection Against Hazard of Death

There remains the contingency of death, which, in the case of an individual or of a group, is surrounded with much uncertainty, but which in a very large group is measured under the law of averages with surprising accuracy. No one knows when an individual will die or how many out of eight given individuals will die during any year. But with respect to one hundred thousand men of known ages, it may be predicted with practical certainty how many will die within any fixed number of years.

It has appeared to the Commission that the Equalization Fund in the control of the State Board of Control provides the machinery for distributing among all the employes the uncertainty as to the duration of life in individual cases and establishing the certainty that prevails where very large groups are considered. And this brings us to a consideration of the insurance features of the proposed plan.

We have already called attention to the fact that less than forty per cent of those entering a Pension System for public employes live

and remain in the service to enter upon the enjoyment of old age annuities.

Justice Requires Protection for Those Who Leave Service Before Age of Retirement

To assure to the remaining sixty per cent the benefits to which they are justly entitled, has been a matter of serious consideration. All have contributed to the System; and in so far as the System does or will result in a decrease of the current salary, all have borne its burdens. It is obviously necessary to treat all with equity—those who leave as well as those who remain in the service. And this the Commission has endeavored to do, so far as it seemed possible without sacrificing the important objects of clearing the public service of employes rendered inefficient through extreme age and of inducing a reasonable continuity in a service once assumed.

The plan observes the equities in returning to such employes as leave the service all the cash contributed by them, through deductions from salaries, for the support of the annuity features of the System. Indeed, it has so carefully guarded this matter that if the plan is adopted there will be no circumstance or condition under which any employe, or his heirs, can ever fail to receive the full amount of his own contributions with interest. And the Commission has included in its plans an arrangement whereby an employe who retires, after ten years of service but before attaining the minimum age of retirement, is credited for each year he continues in service beyond the ten years with one-tenth of the accumulations made on his behalf by the employer so that if he serves twenty years in all before retiring, he is credited with the full amount of his own and the employer's contributions. The total of these accumulations is then considered payable to him, not in cash, but in monthly payments, beginning at the minimum age of retirement, and if the amount is not sufficient to yield him at least fifteen dollars a month for the period of his probable lifetime, then fifteen dollars a month is to be paid to him until the accumulation is exhausted. If he dies before the amount of his own contributions with interest has been paid, then the balance is paid to his estate.

On Widows' Pensions Present Laws Make Unfair Discrimination

The provision for those who die in service must obviously be upon a different basis. Under the present laws, widows' benefits are allowed under the Pension Systems established for policemen and firemen, employes of the House of Correction and school employes, em-

bracing less than 8,000 out of 55,000 total members of Pension Systems in the State.

There appears to be no logical basis for this discrimination. It cannot be said that these widows' benefits are extended only to so-called hazardous employments solely because of the greater hazards, for they are paid to widows of those who die from any cause and not merely of those who die in performance of duty. Moreover, it has hardly appeared that the offering of widows' pensions to the comparatively small groups enjoying them, was done with a full appreciation of the expense of maintaining them, and doubtless the founders of the Policemen's Pension System in Illinois would be surprised to know that at present more money is being paid annually for widows' benefits than to retired employes.

The necessity of determining the exact cost of such benefits may not be avoided without inviting disaster. Moreover, there appears no reason why such benefits should not be offered to all, and especially if extended to some. The Commission in its proposed plan differentiates between death from natural causes and death incurred directly as a result of the performance of duty and proposes larger benefits in respect of the latter. It knows of no basis for differentiating between employes in different occupations. All bear the burdens of supporting the System. All current salaries are affected alike. Out of every one hundred men who enter service at 30 years of age, thirty-three die in service before reaching the age of sixty. We have referred before to the anxiety of the average citizen for the welfare of his family after his death. Undoubtedly, this concerns him more than the thought of his own welfare after retirement. And it does not seem equitable that the thirty-three who die should receive nothing but the return of their own contributions and the thirty-seven who live and remain in service until the age of retirement should receive such disproportionate advantages.

Found Practicable and More Equitable to Offer Life Insurance to All Employes

On the other hand, it has appeared entirely practicable by the use of the well tried methods of legal reserve life insurance companies, to offer protection against death in service to all participants in all Pension Systems, and it seems necessary to do so in order to achieve the full measure of benefits of a Pension System.

In preparing to do this the starting point seemed to be that modern practice accepts from 40 per cent to 50 per cent of salary as a suitable pension for the employe, and, roughly speaking, the widow's

pension is usually from 20 per cent to 25 per cent of salary. The accumulation necessary to pay an annuity of from 20 per cent to 25 per cent of salary as a survivorship annuity to the widow of a deceased pensioner is the amount desired. For the insurance feature of a Pension System must be connected with the widow's annuity and it is interesting to note that 85 per cent of the men who live and remain in service to the age of 60 are married men. When the employe reaches the age of retirement, the contributions to provide for both annuity and insurance, from which the widow's annuity is drawn, are completed. At that time the annuity to be paid to his widow is fixed upon the basis of his probable life and of her probable length of life after his death. The amount accumulated for insurance is computed to be that necessary to provide for her a pension equal to one-half the pension received by her husband, assuming that she be five years the younger. It is particularly to be noted that the survivorship annuity to the wife is fixed at the date of her husband's retirement from the service.

How Survivorship Annuity to Widow of Retiring Employe Is Provided

If payments are made into this fund such as would be made for premiums upon an insurance policy paid up at date of retirement in an amount equal to one and three-quarters times his annual salary, the amount accrued would be sufficient, in the case of an employe retiring at age 55, to pay as a survivorship annuity to the widow five years younger than himself, an amount equal approximately to half his own pension, and in the case of an employe retiring at age 60, the basis would be an insurance policy equal to one and one-quarter times his annual salary.

And upon this basis there has been built up an insurance system within the plan submitted. The investigations conducted disclosed that the wife of a retiring employe is, upon an average, five years younger than the husband. If, in an individual case, the wife were more than five years younger than the husband, the pension payable to her would be correspondingly decreased; if she were less than five years younger or of equal or greater age than the husband, her pension would be correspondingly increased.

The considerations that determine what proportions ought to be paid directly by the employe and what by the employer on his behalf are not the same as those that prevail with respect to contributions toward the fund for superannuation annuities.

One to One Ratio in Contributions for Insurance

It has seemed to the Commission that there are benefits accruing to the employer, every one of whose employes is relieved, to some extent, of the harassing fears of disasters which his family might suffer after his death. But the greater benefit is to the employe himself, and the Commission has recommended that one-half of the insurance premium be paid by the employer and one-half by the employe. Should the employe die in active service before retirement, the insurance is paid to the widow or children. Should he withdraw from the service before the age of retirement he may continue the insurance but, of course, must pay all the premiums himself.

Use of Equalization Fund for Insurance

The detailed description of the provisions by which these simple results are attained seems complicated in the extreme. No attempt will be made here to explain the details of the entire System. But it will be apparent at once that because some die immediately after taking insurance and some live for many years, and because after reaching the age of retirement some live longer than their wives and some are survived many years by their wives, that such an insurance feature could never, with safety, be written into any pension law relating to a small group. The Equalization Funds of the State Board of Control must be used to equalize the variations of individuals from the average in the matter of insurance disbursements precisely as in the annuity disbursements. In cases where, from whatsoever cause, there remains a balance credited to an individual employe after meeting all the requirements of the insurance agreement, and the refund requirements, this balance must be paid into the insurance Equalization Fund; and upon the other hand, where there is any deficiency in the funds held by the Retirement Board to meet the obligations of this nature to an individual employe, this deficiency is supplied by the State Board of Control out of its Insurance Equalization Fund, so that for insurance purposes, as well as for annuity purposes, every member of any Pension System brought under the operation of the Standard Plan submitted, whether a member of a large group or of a small group, is as well protected as if he were a member of a group equal in numbers to all the employes in the State under the standard pension law.

Small Groups Can Come in Only Under a Reserve System

This general discussion will, it is hoped, make it clear to all that there is no insuperable obstacle to the entrance into the enjoyment of pension privileges by small groups of public employes as well as large groups. But one thing remains to be said—this adjustment can be

made only by providing that the entire System be placed upon a Reserve Basis.

The Report of the Illinois Pension Laws Commission of 1916 included a discussion of the methods of providing funds for paying pensions and stated that any Retirement System might be operated either upon the Cash Disbursement Basis, or upon the Actuarial Reserve Basis. Under the Cash Disbursement plan, the support of the Pension System is provided currently as payments to pensioners become due. No funds are set aside to accumulate at interest and the pension burden for present employes is unloaded on the succeeding generation.

Description of Reserve Plan Given in 1916 Report

Under the Reserve Plan, the cash for the support of the Pension System is provided currently as the obligation is accruing. This plan is generally known and was referred to in the 1916 Report as a "get ready for the future plan." That report on Page 280 says: "It involves the setting aside during the active service of definite amounts properly calculated to provide the benefits. The amounts so set aside are accumulated at interest and form a reserve fund out of which pension reserve disbursements are made as they fall due. The Reserve Plan recognizes very clearly and makes it understood by employer and employe, that compensation for service involves, besides current pay, the amount that should be set aside at the time service is rendered to provide a pension for the employe when he becomes inefficient. Thus each generation of tax-payers pays its own obligation for service rendered. Furthermore, the employe's equity in the scheme is well known at any time on account of the reserves held to his credit."

Recommendations for Actuarial Reserve Plan Are Repeated and Supplemented

The recommendations of the 1916 Commission in favor of the Actuarial Reserve Basis are renewed and emphasized in this Report and with the comment to be added that with the Actuarial Reserve Basis in operation, it is possible to distribute the risks over the entire body of employes in such a manner as to make it possible and entirely practicable to admit small groups of employes into the System and that this would be impossible if the Pension System in this State is continued under the Cash Disbursement Plan.

Provision Is Made for Those Who Leave the Service Before Retirement Age

We have heretofore stated that out of 100 employes entering the public service in Illinois, about 33 die in service before retirement and

about 37 live and continue in service up to the age of retirement upon annuity. We have briefly described the treatment both would receive through insurance, superannuation annuities, widows' survivorship annuities, etc. There remain about 30 out of the hundred who leave the service before reaching the age of retirement—of these some, an unknown number, leave to accept other positions and some, relatively a small but not a definitely known number, become permanently disabled through sickness or accident. And we have described the treatment accorded to those who leave in health, by way of refund privileges and the right to continue insurance, etc.

For those who leave the service on account of permanent disability the plan makes ample and usual provisions. It also provides benefits for those temporarily disabled. It differentiates between those disabled as the direct result of performance of duty and those whose disability or sickness was not incurred in the performance of duty, both as to the benefits assured and as to the distribution of the burden of providing these benefits. As for the detailed discussion of this and indeed of all the provisions of the so-called standard plan, the reader must refer to other portions of this Report. We mention the matter of sickness and accident benefits here, in order to register our opinion that they belong in any comprehensive System designed to provide against the general hazards of life. And we also mention them in order to call attention to the fact that the Commission recommends that the funds be provided to take care of these disability benefits by current contributions. There is not available enough information as to the frequency of disability to enable the actuaries to determine in advance what amounts must be provided to meet the benefits promised.

It is believed that enough information is available to know approximately what the cost will be and the estimates submitted will, it is confidently predicted, be verified by experience. But the Commission cannot recommend that definite accumulations in cash payments made currently to meet deferred claims ought to be required, until there is certainty as to the exact amount needed.

Disability Provisions Put on Cash Disbursement Basis

It is perhaps a distinctive feature of the plan submitted, therefore, that as to its annuity and insurance features it is organized upon the Reserve Basis and as to its disability features upon the basis of Cash Disbursements. Should the System be adopted and the State Board of Control direct its operation, the experience of the future will furnish the information necessary to determine the exact cost of maintaining these disability benefits. When this exact cost is determined, the dis-

ability benefits could be accumulated by current payments in cash and the whole System placed upon the Reserve Basis. It is believed that even then the Retirement Boards will continue to function advantageously, but a System could be operated without the Retirement Boards and the privilege of participating in pension benefits be extended to all public employes whose tenure of office is such as, in the judgment of the legislature, to make it desirable for them and for the public service and conducive to the general welfare.

It will be observed that the plan contemplates a state-wide pension system for all public employes, making provision against old age, disability and death. This Pension System will constitute an institution of no mean proportions, whether viewed from the standpoint of the participants in the System, the communities involved or the funds handled. Its very size will enable the application of the law of averages to public employes in small as well as large communities, yet will not prevent the autonomous development of the various local units within the state-wide groups. Its reserves, accumulated on an old line life insurance basis, will be so large as to render it extremely improbable that they will be dissipated, unwisely invested or misapplied.

The System will attract to it higher administrative ability. It should produce both efficiency and economy and create for itself a position in the business and financial world which could not possibly be achieved by isolated units. All this adds to the security of the participant.

Standard Plan Has Many Advantages—Requires Each Generation to Provide for Its Own Obligations for the Future

The benefits of the System being available to all public employes, the temptation on the part of one group (perhaps more ably represented before the Legislature) to procure advantages over others will cease to exist. It will moreover inculcate both in public officials and public employes a sense of responsibility, a feeling that the establishment of a pension involves the creation of an obligation, a conviction that the present generation ought not to attempt to saddle debts upon the future without making provision for their payment. In short, it will substitute for a body of pension laws adopted at haphazard and without system or correlation a State institution which, by methods analogous to those of a soundly conducted insurance company, provides indemnity against death, old age and disability.

CHAPTER VI

COSTS TO EMPLOYERS OF ANNUITIES AND OTHER BENEFITS INVOLVED IN THE STANDARD PLAN

In this Chapter is given a statement of costs to employers of annuities and other benefits involved in the Standard Plan.

The results in all cases except a few of the smaller funds were derived from statistics compiled by the Illinois Pension Laws Commission of 1916.

In all the cases of the larger funds except the State Teachers' Pension and Retirement Fund, the statistics were sufficiently comprehensive to make possible a comparatively accurate computation as to the probable costs of the annuities and other benefits proposed.

In the excepted case, owing to the diversity in tenure of office and the short time during which the fund has been in operation, no statistics at all comprehensive regarding withdrawal from service were available. The figures in the case of this fund therefore do not take into account refunds to employers by reason of employes withdrawing from the teaching service. As the heavier withdrawals however occur during the first few years of service when the amounts subject to refund are small, it cannot be expected that the figures as stated would be materially reduced by reason of such refunds.

In a few of the smaller groups as for instance the state wide fire and police groups, the state institutions group and the park employes group, the figures are little more than estimates based on the experience of funds of groups involving similar character of service, in which the statistics were adequate. It is believed, however, that in all cases the estimates given would be found to be sufficiently accurate for all practical purposes.

In the table given below, it is assumed that the annual payment stated there as necessary to provide supplementary annuities will fully provide for such annuities in a period of 40 years. If the annual payments as stated there should prove larger than the actual amounts necessary to provide for such annuities, this liability would be removed in a

shorter period than 40 years. If it should prove smaller, the contribution period would necessarily be longer than 40 years.

TABLE I

TABLE SHOWING THE CONTRIBUTIONS REQUIRED ANNUALLY FROM EMPLOYERS FOR A PERIOD OF 40 YEARS TO PROVIDE THE AMOUNTS NECESSARY TO PAY THE SUPPLEMENTARY ANNUITIES WHICH WOULD BE PAID UNDER THE PROVISIONS OF THE STANDARD PLAN. ALSO THE ANNUAL PAYMENTS REQUIRED TO PROVIDE ANNUITIES, OTHER THAN SUPPLEMENTARY ANNUITIES, TO PRESENT EMPLOYES AND TO PAY ANNUITIES TO FUTURE ENTRANTS.

Group of Employes	Annual Payments to Provide Supplementary Annuities to Present Employes	Annual Payments to Provide Annuities Other than Supplementary Annuities	Total
Group 1. Chicago Policemen	$1,915,000	$948,000	$2,863,000
Group 2. Policemen, cities 5,000 to 1,000,000 inhabitants	206,000	109,000	315,000
Group 3. Chicago Firemen	832,000	408,000	1,240,000
Group 4. Firemen, cities 5,000 to 1,000,000 inhabitants	200,000	105,000	305,000
Group 5. Park Policemen	143,000	73,000	216,000
Group 6. Municipal Employes, Chicago	535,000	650,000	1,185,000
Group 7. Cook County Employes	107,000	136,000	243,000
Group 8. Chicago Public School Teachers	625,000	610,000	1,235,000
Group 9. Statewide Teachers	537,000	650,000	1,187,000
Group 10. State Educational Institutions	250,000	45,000	295,000
Group 11. Park Employes, other than Policemen	260,000	230,000	490,000

CHAPTER VII

THE STANDARD PLAN

Section 1. Definitions

The following words and phrases as used in this Act, unless a different meaning is plainly expressed in the context, shall have the following meanings:

"Annuity" shall mean a series of payments stated in terms of the amount payable annually but payable in equal monthly installments each of one-twelfth of such annual amount, the first being payable one month after the event for which annuity is payable shall occur.

"Old age retirement annuity" shall mean an annuity granted on account of service, upon or after attainment of a specified age, payable during the entire after life time of the recipient.

"Widow's annuity" shall mean an annuity payable to the widow of an employe or former employe, determined upon death of the employe or former employe, such annuity to be payable during her entire after life time.

"Widow's survivorship annuity" shall mean an annuity to be paid to the wife of an employe or former employe, determined when both husband and wife are alive, the first installment being payable one month after the death of the husband, if he dies while in service, or one month after the last monthly payment on an annuity was made to the husband, if he dies while on annuity, and payments to continue during the entire after life time of the widow.

"Disability annuity" shall mean an annuity payable during the disability of the employe for a period specified.

"Child's annuity," shall mean an annuity payable during the life of a child, under the conditions specified, until such child attains the age of 18 years.

"Age" shall mean age at nearest birthday.

"Employer" shall mean the State of Illinois or any county or township thereof, or any board of park commissioners, or any city, village, incorporated town, school district or other municipal corporation in this State which employs persons defined as employes herein.

"Reserve" when applied to an annuity, shall mean the present value, according to a specified table of mortality and rate of interest, of the payments to be made on account of such annuity.

"Withdrawal from service" shall mean separation from service as an employe in any group of employes as classified in Section 3.

"Salary" or "wages" shall mean the annual compensation received from an employer for services rendered the employer, except that any amount of compensation in excess of twenty-five hundred dollars per year shall not be taken into consideration in determining the amounts to be deducted from the salary or wages of an employe for purposes of this Act or in determining the amounts of annuities to be paid or the insurances to be provided under the provisions of this Act.

"Highest salary" shall mean the highest salary received by an employe during any service year of such employe before such employe attains the standard age of retirement.

"Standard age of retirement" shall mean the age of an employe on the date when the period of service of such employe is measured exactly in full years nearest to the date when the employe attains the age of 55 years, if he be a policeman or a fireman, or 60 years, if he be other than a policeman or a fireman.

"Minimum age of retirement" shall mean an age five years less than the standard age of retirement.

"Service" shall mean employment by any employer as defined in this Act, in a position covered by this Act.

"Prior service" shall mean service rendered by an employe before such employe comes under the provisions of this Act.

"Former employe" shall mean an employe who has withdrawn from service and has not entered upon annuity.

"Future entrant" shall mean an employe who enters service after January 1, 1920, as a member of any group to which the provisions of this Act apply.

"Present employe shall mean an employe who is in service on January 1, 1920, as a member of a group to which the provisions of this Act apply.

"Service year" shall mean one year counting from the date of entrance of an employe into service, or one year from any anniversary date of such date of entrance.

"Regular interest" shall mean interest at the rate of four per cent per annum.

"Present value" of an amount on a specified date as of some prior date shall mean the sum which, when improved at interest at a specified

rate for a period of time equal to the period between the dates in question, will amount to the sum stated on such specified date.

"Assumed annual salary" shall mean three hundred times the salary or wages for a single working day, of an employe whose salary is on other than an annual salary basis.

"Prior annuitant" shall mean anyone on pension or annuity on January 1, 1920, whose pension or annuity is paid from any pension fund or pension and retirement fund existing under and by virtue of any Act which this Act supersedes.

"Beneficiary" shall be any pensioner, annuitant, contributor to, or participant in, any pension fund or pension and retirement fund created under any Act or Acts which this Act supersedes, or any person included in any group under the jurisdiction of any Retirement Board created under this Act.

"Employe" shall mean any person in service as a member of any group as defined in Section 3 of this Act.

Section 2. When Employes Shall Come Under the Provisions of this Act

On and after January 1, 1920, all future entrants and all present employes as described in this Act shall come under the provisions of this Act as follows:

Future entrants on the date of entrance into service and present employes on the day following that upon which the period of service of each such employe is measured exactly in full years.

Section 3. Groups of Employes

For the purposes of this Act, public employes in this State shall be segregated into groups as follows:

Group 1. All persons who are or who shall be employed by any city having a population of more than one million (1,000,000) inhabitants, who are appointed and sworn as regular or probationary policemen, and all beneficiaries (as defined by this Act) of any police pension fund created under and by virtue of an Act entitled, "An Act to provide for the setting apart, formation and disbursement of a Police Pension Fund in cities having a population exceeding two hundred thousand inhabitants," approved June 29, 1915, in force July 1, 1915, as subsequently amended.

Group 2. All persons who are or who shall be employed by any city, village or incorporated town having a population of not less than five thousand (5,000) and not more than one million (1,000,000) inhabitants as members of a regularly constituted police force of such

city, village or incorporated town; and all beneficiaries (as defined in this Act) of any police pension fund created under and by virtue of an Act entitled, "An Act to provide for the setting apart, formation and disbursement of a police pension fund in cities, villages and incorporated towns of not less than 5,000 and not more than 100,000 inhabitants," approved June 14, 1909, in force July 1, 1909, as subsequently amended; and all beneficiaries (as defined in this Act) of any police pension fund created under and by virtue of an Act entitled, "An Act to provide for the setting apart, formation and disbursement of a police pension fund in cities, villages and incorporated towns," approved April 29, 1887, in force July 1, 1887, as subsequently amended.

Group 3. All persons who are or who shall be employed by any city having a population of more than one million (1,000,000) inhabitants, who have been or shall be appointed to positions which are classified by the civil service commission of such city as in the fire service of such city; and all beneficiaries (as defined in this Act) of any firemen's pension fund created under and by virtue of an Act entitled, "An Act to provide for a firemen's pension fund and to create a board of trustees to administer said fund in cities having a population exceeding two hundred thousand (200,000) inhabitants," filed June 14, 1917, in force July 1, 1917.

Group 4. All persons who are or shall be employed by any city, village or incorporated town having a population of not less than five thousand (5,000) and not more than one million (1,000,000) inhabitants who have been or shall be appointed to positions classified by the civil service commission of such city, provided such city shall have adopted an Act entitled, "An Act to regulate the civil service of cities," approved and in force March 20, 1895, as in the fire service of such city; and all persons who are or who shall be appointed to any position in the paid fire department of any such city, village or incorporated town which has not adopted such Act; and all beneficiaries (as defined in this Act) of any firemen's pension fund created under and by virtue of an Act entitled, " An Act to revise the law creating a firemen's mension fund in cities, villages and incorporated towns with a population of not less than five thousand and not more than two hundred thousand inhabitants," filed June 28, 1917, in force July 1, 1917.

Group 5. All persons who are or shall be employed by any board of park commissioners for any one or more towns, whether said towns have heretofore existed or now exist under and in pursuance of any Act or Acts of the General Assembly of this State, and appointed and sworn as probationary or regular policemen in any police force or police de-

partment established by such board of park commissioners; and all beneficiaries (as defined in this Act) of any park police pension fund created under and by virtue of an Act entitled "An Act to provide for the setting apart, formation, administration and disbursement of a park police pension fund," filed May 19, 1917, in force July 1, 1917.

Group 6. All persons, except policemen, firemen, and temporary appointees, who are or who shall be employed by any city having a population of more than one million inhabitants, in the classified civil service of such city, who were or who shall be appointed to their positions under and by virtue of an Act entitled "An Act to regulate the civil service of cities," approved and in force March 20, 1895, and all persons now employed in the classified civil service of such city who were appointed prior to the passage of said Act, and all persons who may be employed in the classified civil service of such city under and by virtue of any similar subsequent Act; and all beneficiaries (as defined in this Act) of any pension fund created under and by virtue of an Act entitled, "An Act to provide for the formation and disbursement of a pension fund in cities, villages and incorporated towns having a population exceeding 100,000 inhabitants for municipal employes appointed to their positions under and by virtue of an Act entitled, 'An Act to regulate the civil service of cities,' approved and in force March 20, 1895, and for those who were appointed prior to the passage of said Act and who are now in the service of such city, village or town," approved May 31, 1911, in force July 1, 1911, as subsequently amended; and all beneficiaries (as defined in this Act) of any pension fund created under and by virtue of an Act entitled, "An Act to provide for the formation and disbursement of a public school employe's pension fund in cities having a population exceeding one hundred thousand inhabitants," approved May 15, 1903, in force July 1, 1903; and all beneficiaries (as defined in this Act) of any pension fund created under and by virtue of an Act entitled, "An Act to provide for the formation and disbursement of a public library employes' pension fund in cities having a population exceeding 100,000 inhabitants," approved May 12, 1905, in force July 1, 1905, as subsequently amended; and all beneficiaries (as defined in this Act) of any pension fund created under and by virtue of an Act entitled, "An Act to provide for the setting apart, formation and disbursement of a house of correction employes' pension fund in cities having a population exceeding 150,000 inhabitants," approved June 10, 1911, in force July 1, 1911, as subsequently amended.

Group 7. All persons who are or who shall be employed, in the classified civil service, by any county of this State having a population of more than two million (2,000,000) inhabitants, who were or who shall be appointed to their positions under and by virtue of an Act entitled, "An Act to revise the law in relation to counties," approved and in force March 31, 1874, as subsequently amended; and all persons who may be employed in the classified civil service of such county under and by virtue of any similar subsequent Act; and all beneficiaries (as defined in this Act) of any pension fund created under and by virtue of an Act entitled, "An Act to provide for the formation and disbursement of a pension fund in counties having a population of 150,000 or more inhabitants, for the benefit of officers and employes in the service of such counties," approved June 29, 1915, in force July 1, 1915.

Group 8. All persons who are or who shall be employed to teach in the public schools which are under the management and supervision of a board of education in cities having a population of more than one million (1,000,000) inhabitants, and all beneficiaries (as defined in this Act) of any public school teachers' pension and retirement fund created under and by virtue of an Act entitled, "An Act to establish and maintain a system of free schools," approved and in force June 12, 1909, as subsequently amended.

Group 9. All persons who are or who shall be employed as teachers, teacher secretaries, supervisors, principals, supervising principals, superintendents or assistant superintendents in any public school or schools in this State, which are under the management and supervision of any board of education, school board, board of school directors, or other managing or governing body of a public school or schools, except those under the management of a board of education in any city having a population of more than one million (1,000,000) inhabitants; and all beneficiaries (as defined in this Act) of any pension and retirement fund created under and by virtue of an Act entitled, "An Act in relation to an Illinois State Teachers' Pension and Retirement Fund," approved May 27, 1915, in force July 1, 1915, as subsequently amended; and all beneficiaries (as defined in this Act) of any teachers' pension and retirement fund created under and by virtue of an Act entitled, "An Act to enable any board of school inspectors, or any body or board of officials, which governs, or has charge of the affairs of any school district having a population of not fewer than 10,000 and not more than 100,000 inhabitants, and governed by special Acts of the General Assembly of this State and in such other districts as may hereafter be ascertained by any special or general census to have such

population and which school districts are also governed by like special Acts, to establish and maintain a teachers' pension and retirement fund," approved June 27, 1913, in force July 1, 1913, as subsequently amended.

Group 10. All persons who are or who shall be employed by the State of Illinois, in any State educational, correctional, or charitable institution (excepting the University of Illinois) supported wholly or in part by public moneys of this State, as teachers, teacher clerks, principals, supervising principals, presidents, superintendents, assistant superintendents, librarians, or assistant librarians, who give at least half time to educational work; and all beneficiaries (as defined in this Act) of any pension and retirement fund created under and by virtue of an Act entitled, "An Act to create and administer a State Institutions Teachers' Pension and Retirement Fund," filed June 14, 1917, in force July 1, 1917.

Group 11. All persons, except policemen and temporary appointees, who are or shall be employed by any board of park commissioners for any one or more towns, whether said towns have heretofore existed or now exist under and in pursuance of any Act or Acts of the General Assembly of this State, who were or who shall be appointed to their positions under and by virtue of an Act entitled, "An Act relating to the civil service in park systems," approved June 10, 1911, in force July 1, 1911, as subsequently amended. Also all persons, except policemen and temporary appointees, who are or who may be employed by any such board of park commissioners in positions exempt from the operation of the said Act relating to civil service who shall elect to come under the provisions of this Act within one year from the date when it shall come into force and effect.

Section 4. Retirement Boards

For each group of employes as described in Section 3 hereof, a Retirement Board of five members is hereby created to administer the affairs of such group for the purposes of this Act.

Each such Retirement Board shall be constituted as follows:

(a) Three members elected by the group of employes concerned and the annuitants whose annuities are payable from funds which shall be administered by the board, two of whom at least must be employes in active service at the time of their election, under such rules and regulations as the Retirement Board may adopt.

On or before September 1, 1919, the Retirement Commission shall issue a call for the election of the elective members of each Retirement

Board herein provided for, which election shall be held on or before the third Friday in September, 1919, and shall designate persons to conduct such elections. Such persons, in any of the groups designated as group 1, group 3, group 5, group 6, group 7, group 8, group 9, and group 10, in Section 3 hereof shall be the elective members of the board or boards of trustees of the pension fund or funds or pension and retirement fund or funds, in which all or any of the employes concerned are participants or beneficiaries created under and by virtue of any Act or Acts which this Act supersedes, and in any of the groups designated as group 2 and group 4, in Section 3 hereof, shall be three persons selected from among the elective members of the board of trustees of the pension fund or funds, or pension and retirement fund or funds in which the employes concerned are participants or beneficiaries created under and by virtue of any Act or Acts which this Act supersedes, and in all other cases shall be three persons designated by the Retirement Commission from among those employes who are to be included within the group whose affairs are to be administered by any such Retirement Board.

At each such election, three members of the group shall be elected, one for a term of one year, one for a term of two years and one for a term of three years, or until their successors are elected and qualified. Thereafter one such member of each such Retirement Board shall be elected each year to serve for a term of three years, or until his successor is elected and qualified.

All elections succeeding the first shall be conducted by the Retirement Board of the group from whose number a member is to be elected. Such election shall be held during the month of October in each year.

(b) Two members of each such Retirement Board shall be appointed as follows:

In the cases of the Retirement Boards related to groups, 1, 3, 6, and 8, the mayor of the city shall appoint such persons with the approval of the city council. In the cases of the Retirement Boards related to groups 2, 4, 5, 7, 9, 10, and 11, the governor of this state shall appoint such persons with the approval of the senate.

In each such case one member shall be appointed for a term of one year and one for a term of two years, and annually thereafter one member shall be appointed to serve for a term of two years. Each of such persons shall continue in office until his successor shall have been appointed and qualified.

In case of a vacancy occurring in an appointive membership, the executive officer as hereinbefore indicated, shall appoint a person to serve during the balance of the unexpired term.

If a vacancy occurs in the case of an elective membership, such vacancy shall be filled by appointment made by the remaining elective members of the Retirement Board in question until a person who shall be elected at a special election to be held at the same time as the next regular election shall be elected and qualified to serve for the remainder of the unexpired term. Such special election shall be held in the same manner as a regular election.

The members of all retirement boards shall serve without compensation except that any member who is an employe in active service shall be reimbursed for any loss of salary or wages incurred while attending meetings of the board, and except that any members shall be reimbursed for any necessary expenditures incurred while serving upon such board.

On January 2, 1920, each Retirement Board created under and by virtue of this Act shall assume jurisdiction of the affairs of all pension fund or funds or pension and retirement fund or funds which relate to the group or groups of employes whose affairs for the purposes of this Act are to be administered by such Retirement Board, and all moneys, securities, books, records, files and other property of such pension fund or funds or pension and retirement fund or funds shall be delivered to such Retirement Board by the board of trustees of such pension fund or funds or pension and retirement fund or funds. When such deliveries have been completed, the board of trustees of each such pension fund or pension and retirement fund shall cease to exist and the affairs of such pension fund or pension and retirement fund shall be administered by such Retirement Board thereafter.

Section 5. Custodian of Funds

The custodian of the funds in each of the groups described in Section 3 hereof as groups 1, 3, 6, and 8, shall be the city treasurer of such city, the custodian of the funds in group 7 shall be the county treasurer of such county, and the custodian of the fund in each of the groups described in Section 3 hereof as groups 2, 4, 5, 9, 10, and 11, shall be the treasurer of the State of Illinois.

Section 6. Duties of Retirement Boards

Each Retirement Board shall elect from its membership, a president and a secretary, and shall appoint such medical, clerical, and other employes as may be necessary.

The compensation of all persons employed by each Retirement Board shall be fixed by said board.

Each Retirement Board shall keep a record of all its proceedings which shall be open to inspection by the public.

Each Retirement Board shall certify to each employer under its jurisdiction the amount to be deducted from the salary of each employe for purposes of this Act for each pay roll period from and after January 1, 1920.

Each Retirement Board shall pay all moneys received to the custodian of the funds of such Retirement Board for use according to the provisions of this Act.

Each Retirement Board shall keep such books and records as are prescribed by the Retirement Commission for the transaction of its business. It shall see that all deductions from salary are made according to rates certified to by the Retirement Commission and that contributions to be made by each employer under the provisions of this Act are being duly made, and that all funds thus collected are being deposited when collected with the custodian of the funds. It shall see that all the other duties of each employer are being performed and in the event that an employer fails to perform any duties imposed on said employer under the provisions of this Act it shall be the duty of the Retirement Board to notify the Retirement Commission of the failure of such employer to perform such duty.

Each Retirement Board shall prepare a report as of December 31 of each year for the Retirement Commission in such form as the Retirement Commission shall prescribe, setting forth the income and disbursements of the year of each of the funds controlled by such Retirement Board and the amount of assets credited to, and the amount of liabilities of, each such fund at the close of the year. Such statement shall include:

(a) The total of the reserves on all annuities being paid by the board from the Annuity Reserve Fund, and on all prospective annuities to be paid from such fund to employes who are over the Standard Age of Retirement, calculating such reserves as if such prospective annuities were actually entered upon.

(b) The reserves in the Employer's Life Insurance Fund and in the Employe's Life Insurance Fund on the life insurance provided for.

(c) The total of the liabilities of the employer or employers because of supplementary annuities and supplementary life insurance provided by such employer or employers including the reserves on the supplementary annuities entered upon.

The members of the Retirement Board as constituted for each group of employes shall be the trustees of all the funds created under this Act for the purpose of providing the benefits stipulated herein for employes in such group and paying the costs of administration for such group, except those funds that are specifically mentioned as being under the control of the Retirement Commission. Each Retirement Board shall have exclusive control and management of all funds of which the members of such board are trustees and full power to invest the same, subject however to all the terms, conditions, limitations and restrictions imposed by this Act upon the making of investments. Subject to such terms, conditions, limitations, and restrictions, such Retirement Board shall have power to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the moneys of the funds created by this Act of which the members of such board are the trustees shall have been invested as well as of the proceeds of said investments and of any money belonging to said funds.

It shall be the duty of each Retirement Board to determine the length of service of each present employe rendered prior to the date when such employe comes under the provisions of this Act. Such service shall include: (a) All service rendered to any employer who is an employer as defined by this Act. (b) Any length of service allowed by any act relating to such employe which this Act supersedes, not included in (a). Under such rules and regulations as the Retirement Board shall adopt, subject to the approval of the Retirement Commission, each employe shall file with his Retirement Board a detailed statement of all such service rendered by him or allowed to him. As soon as practicable thereafter, the Retirement Board shall verify such statement as to prior service and prior credit, and shall submit to the retirement Commission a report concerning same. Upon approval by the Retirement Commission of the length of service allowed to such employe, and the amount to the credit of such employe, the Retirement Board shall issue a certificate to such employe, stating the length of prior service allowed, the amount to the credit of such employe for old age retirement annuity purposes for the benefit of such employe, the amount of life insurance assumed by the employer for the benefit of such employe, and the amount of life insurance to be assumed by the employe. Such certificate shall be final and conclusive as to length of prior service and amount of credit unless modified by the Retirement Board either of its own volition or upon application of the employe, and approved by the Retirement

Commission, within one year from the date when the certificate or a modified certificate shall be issued to the employe.

Any time during which a present employe was absent on leave of absence without pay shall not be counted in computing the prior service of an employe, except that if such employe was a participant in or beneficiary of a pension fund or a pension and retirement fund created under any Act which this Act supersedes, such time shall be counted in accordance with the provisions of such superseded Act.

All time during which any employe was absent on leave of absence on full or part pay shall be counted in computing the prior service of such employe.

For the purpose of computing prior service, each Retirement Board shall fix and determine by appropriate rules and regulations, subject to the approval of the Retirement Commission and subject to the provisions of the appropriate Act which this Act supersedes, how much service rendered on the basis of payment by the hour or day shall be equivalent to a year of service. All vacation periods shall be counted as periods of service for employes paid on an annual basis. No employe shall be allowed credit for more than one year of service during any service year.

If any employe does not file a statement showing the amount of prior service rendered, or if the Retirement Board in question is unable to verify the statements contained in the statement filed by any employe, said Retirement Board, subject to the approval of the Retirement Commission, shall fix the period for which such employe shall receive credit for prior service from such information as is available, and such decision of said Retirement Board shall be final unless modified by said Retirement Board with the approval of the Retirement Commission within one year from the date of such decision.

Section 7. Retirement Commission

A Retirement Commission of three members is hereby created to be appointed by the Governor of this State with the approval of the Senate.

On the date when this Act takes effect, or as soon thereafter as practicable, the Governor shall appoint the members to serve, one for a period of two years, one for a period of four years, and one for a period of six years, from the date when this Act takes effect, and until their successors are appointed and qualified. Thereafter each appointment shall be made for a period of six years. The mem-

bers so appointed shall hold office until their successors are appointed and qualified. The Governor shall designate which one of such members shall be chairman of such commission. In case a vacancy shall occur during any such term, the Governor with the approval of the Senate shall appoint a person to serve for the balance of the unexpired term.

The compensation of the members of the Retirement Commission shall be five thousand dollars per year. They shall also be reimbursed for any necessary expenses incurred in service upon said Commission.

The Retirement Commission shall appoint a secretary, an actuary, and such medical, clerical, and other employes as may be necessary. The compensation of such employes shall be fixed by the Retirement Commission and paid from appropriations to be made by the General Assembly.

The members of the Retirement Commission shall be trustees of all money and property in the equalization funds described in Section 16 hereof. The Retirement Commission shall have exclusive control and management of all such funds, and full power to invest the moneys of same, subject to the terms, conditions, limitations and restrictions concerning investments as stated in this Act, and shall have power for the purposes of this Act, to hold, purchase, sell, assign, transfer or dispose of any of the securities and investments in which any of the moneys of the funds stated shall have been invested.

Section 8. Duties of the Retirement Commission

It shall be the duty of the Retirement Commission:

(1) To prescribe the system of accounting for and the forms of books and records to be kept by each Retirement Board in accordance with the provisions of this Act and to supervise the keeping of such accounts and records.

(2) To furnish to the several Retirement Boards such actuarial advice and assistance as may in the opinion of the Retirement Commission be necessary.

(3) To take such steps as in its judgment seem advisable to enforce compliance on the part of an employer of the provisions of this Act.

(4) To make an examination of the affairs of each Retirement Board at least once every two years.

(5) To prepare a report annually on the funds controlled by each Retirement Board as of the close of the business on December 31. Such report shall contain a statement of income and disburse-

ments of the year and assets and liabilities at the close of the year for each fund held for the benefit of each group so as to exhibit the condition of each such fund at such time.

(6) To prepare a report as of December 31 of each year, concerning the income and disbursements of the year and the assets and liabilities at the close of the year, on each of the funds of which the members of said Retirement Commission are the trustees, and a statement setting forth clearly:

(a) The reserves on all annuities being paid out of each Annuity Reserve Fund of the system, and on all prospective annuities to be paid from such fund to employes who are over the Standard Age of Retirement, together with the amount held by the Retirement Commission for equalization of annuity payments, in comparison with the reserves on such annuities under McClintock's Annuitants' Table, male or female, as such table applies, with three per cent interest.

(b) The liabilities of the employer or employers because of supplementary annuities and supplementary life insurance provided by such employer or employers, including the reserve on supplementary annuities entered upon, according to the American Experience Table of Mortality and rate of interest applicable, in comparison with the amount of assets credited to, and the future resources of the Employer's Supplementary Fund, for each group of employes in the system.

(c) Such other facts, and data, as may be of use in determining the financial condition of each fund of the system, and in the advancement of knowledge concerning annuities and insurances, together with such recommendations as said Commission may deem advisable.

The Retirement Commission shall submit said report to the Governor, and copies of such report shall be printed for general distribution.

Section 9. Duties of the Employer

Each employer shall, before employing any person to whom this Act shall apply, notify such person of his duties and obligations under this Act as a condition of his employment.

During some month in each year, to be fixed by the Retirement Commission, each employer shall certify to the proper Retirement Board the name of each employe to whom this Act applies.

Each employer shall, on the first day of each calendar month, notify the proper Retirement Board of the employment of new employes, removals, withdrawals, deaths and changes in salaries of

employes, that shall have occurred during the month preceding, setting forth the dates upon which such employments, removals, withdrawals, deaths, and changes in salaries occurred.

Each employer shall furnish such other information to the proper Retirement Board as such Retirement Board may reasonably require in the discharge of its duties.

After January 1, 1920, each employer shall cause to be deducted from each payment thereafter made on account of salary or wages of each employe such an amount as shall be certified to by the proper Retirement Board as required under the provisions of this Act. Each employer shall certify to the treasurer of said employer, on each and every pay roll, a statement as voucher for the amounts so deducted, and shall send a duplicate of such statement to the secretary of the proper Retirement Board. The treasurer of each employer, on receipt from the employer of such voucher for deductions from salaries or wages of employes, shall transmit monthly, or at such other times as a Retirement Board shall designate, to the secretary of such Retirement Board, the amounts specified in such voucher.

Each employer shall keep such records as a Retirement Board with the approval of the Retirement Commission may require.

Section 10. Legal Counsel

In cities of over one million inhabitants, the corporation counsel of such city shall be the legal advisor of all Retirement Boards for groups described as numbers 1, 3, 6 and 8 in Section 3 hereof. The attorney general of the State of Illinois shall be the legal advisor of all other Retirement Boards and the Retirement Commission.

Section 11. Oath of Office and Qualification

Each person elected or appointed to membership upon a Retirement Board or the Retirement Commission shall take an oath of office that he will diligently and honestly administer the affairs of the office to which he was elected or appointed and that he will not knowingly violate or willfully permit to be violated any of the provisions of law applicable to this Act. Such oath shall be subscribed by the person making it, and certified to by the officer before whom it is taken, and deposited with the secretary of the appropriate Board or Commission. Anyone after appointment or election shall be deemed to have qualified for membership on a Retirement Board or the Retirement Commission when such certificate is deposited with the secretary of such board or commission. Such secretary shall keep a copy of such certificate on file in his office and shall, if he be secretary of a Retirement Board,

file the original with the Retirement Commission, or if he be the secretary of the Retirement Commission he shall file the original with the Secretary of State of Illinois.

Section 12. Payments and Deposits

All payments from the funds created by this Act shall be made by the custodian of the fund only, and only upon warrant or voucher signed by the president of the appropriate board or the chairman of the Commission and countersigned by the secretary of such board or commission and no warrant nor voucher shall be drawn except by order of such board or commission duly entered in the record of its proceedings.

For the purpose of meeting disbursements for annuities and other payments to any group of employes in excess of receipts, there may be kept as available fund by any Retirement Board an amount not exceeding ten per cent of the total amount in the several funds of such board for annuity purposes, and to meet disbursements for life insurance, not exceeding ten per cent of the total amount in the life insurance funds of said board on deposit in any bank in this State organized under the laws thereof or under the laws of the United States, or with any trust company incorporated by any law of this State; provided said bank or trust company shall furnish adequate security for said funds; and provided that the sum so deposited in any one bank or trust company shall not exceed twenty-five per cent of the paid-up capital and surplus of said bank or trust company. The selection by a Retirement Board of such bank or trust company and the maximum amount that may be deposited at any one time in such bank must have the approval of the Retirement Commission and it shall be the duty of the Retirement Commission to see that no funds created under the provisions of this Act are held at any one time by any bank or trust company in excess of twenty-five per cent of the paid-up capital and surplus of said bank or trust company.

Section 13. Investments

The moneys under the control of any Retirement Board or the Retirement Commission created under the provisions of this Act shall be invested in bonds of the United States or of this State or in bonds of any county, city, village, or incorporated town in this State, or in federal farm loan bonds issued by any Federal Reserve Bank, provided such bonds have been previously approved by the Retirement Commission as valid and sufficient securities in which to invest moneys held by such Retirement Board or said Retirement Commission, or in

anticipation warrants issued by the Retirement Commission hereby created as provided in Section 16 hereof.

Section 14. Funds of Retirement Boards

Each Retirement Board shall establish and administer eleven funds to be known respectively as

(1) Expense fund; (2) Employer's Annuity Fund; (3) Children's Annuity Fund; (4) Compensation Fund; (5) Salary Deductions for Annuity Fund; (6) Annuity Reserve Fund; (7) Employer's Life Insurance Fund; (8) Employes' Life Insurance Fund; (9) Sickness and Accident Fund; (10) Investment and Interest Fund; and (11) Employer's Supplementary Fund.

In the month of July, 1920, for a period covering the six months next preceding, and in July of each year thereafter, for a period covering the year next preceding, each employer shall pay into these funds such amounts, certified to by the proper Retirement Board, as are required to be contributed by such employer under the provisions of this Act.

Expense Fund

Such amounts as shall be paid to each Retirement Board to defray the administrative expenses thereof shall be paid into a fund to be known as the Expense Fund.

During the year 1920 each employer concerned shall pay to the Retirement Board of each group designated as numbers 1, 3, 6, and 8, in Section 3 hereof an amount equal to one tenth of one per cent of the aggregate salaries for the year 1919 of the employes involved, and to the Retirement Board of each group designated as numbers 2, 4, 5, 7, 9, 10 and 11 in Section 3 hereof an amount equal to one-fifth of one per cent of the aggregate salaries for the year 1919 of the employes involved of such employer. Thereafter such employer or employers shall pay to each such Retirement Board such sums as such Retirement Board shall certify to as necessary to defray the administrative expense of such Board, but in no case shall such sums exceed amounts equal to one tenth of one per cent of the salaries of the employes included in groups number 1, 3, 6 and 8 as above stated for the preceding calendar year, nor one-fifth of one per cent of the salaries of the employes included in groups numbered 2, 4, 5, 7, 9, 10 and 11 as above stated for the preceding calendar year.

If at the end of any calendar year there shall be an unexpended balance in the Expense Fund of any Retirement Board, the amount

of such balance shall be prorated among and credited to the employers involved to reduce the amounts which each such employer shall pay into such Expense Fund during the next calendar year.

If at any time there is not a sum sufficient to defray the current expenses of any Retirement Board in the Expense Fund of said Board, an amount equal to the sum necessary for such expenses may be transferred from any other fund under the control of such Retirement Board until the end of the calendar year in question and an amount equal to that so transferred with regular interest shall be charged against the employes involved, each such employe being charged an equal part of the whole sum. A sum equal to that charged to each employe shall be deducted from the first payment on account of salary of such employe made in the succeeding calendar year. A sum equal to that so transferred shall be paid into the fund from which transfer was made with regular interest during such succeeding calendar year.

Employer's Annuity Fund

Such amounts as are required under the provisions of this Act to be paid by an employer towards Old Age Retirement Annuities, exclusive of amounts paid to provide supplementary annuities, for present employes, shall be paid into a fund to be known as the Employer's Annuity Fund.

If there be more than one employer involved in a group of employes as stated in Section 3 hereof, each such employer shall contribute to this Fund such amounts as are required to be contributed by such employer for Old Age Retirement Annuity for each employe of such employer, exclusive of the amounts necessary to provide supplementary annuities for such present employe.

In this fund an individual account shall be kept with each employe who is under the Standard Age of Retirement, and as contributions are received from the employer, the account of each such employe shall be credited with the amount which the employer has contributed towards the Old Age Retirement Annuity of such employe. At least once each year such account shall be credited with the proper interest accumulations. On the date when such employe enters upon his annuity or attains the Standard Age of Retirement, whichever event shall first occur, the accumulated amount to the credit of such employe on such date shall be transferred to the Annuity Reserve Fund and placed to the credit of such employe in such fund.

If an employe withdraws from service before his attainment of the Minimum Age of Retirement and retains his eligibility for annuity,

the total amount thus credited to the account of such employe and interest accumulations thereon shall remain in this fund until the employe enters upon annuity or attains the Standard Age of Retirement, whichever event shall first occur, and the amount of such accumulation available under the provisions of this Act for Old Age Retirement Annuity of such employe shall then be transferred from this Fund to the Annuity Reserve Fund and be placed to the credit of such employe in such Fund.

If a male employe dies while in service before attainment of the Standard Age of Retirement, leaving a widow, or if a male employe who withdrew from service before his attainment of the Minimum Age of Retirement dies before entering upon his annuity, leaving a widow eligible for annuity, the accumulation or that part of the accumulation on the date of death of such employe, necessary to provide the annuity stated herein for such widow shall be transferred from this Fund to the Annuity Reserve Fund and be placed to the credit of such widow in such Fund.

Children's Annuity Fund

Into a fund to be known as the Children's Annuity Fund shall be paid: (a) All amounts received from the employer to provide for children's annuities as provided for in this Act. (b) Such amounts, payable from other funds, as are necessary for children's annuities under the provisions of this Act, which funds, were they not necessary for this purpose, would be refunded to children or parents of the deceased employe.

During the year 1920, each employer concerned shall pay to each Retirement Board, for children's annuities, an amount equal to one half of one per cent of the aggregate salaries for the year 1919 of the employes involved of such employer. Thereafter, such employer shall pay to each such Retirement Board such proportionate part of the total amount certified to by such Retirement Board as being necessary for children's annuities as the aggregate salaries of all the employes of such employer in the group bears to the aggregate salaries of the employes of all employers involved in the group.

If at any time there is not in the Children's Annuity Fund of a Retirement Board a sum sufficient to pay annuities to children according to the provisions of this Act, a sum equal to the amount required for such purpose may be transferred to such fund from any other fund under the control of such board and used for the payment of such annuities. When thereafter any sum in excess of that required for current payment of annuities from the Children's Annuity Fund

of such Board is received into such fund, it shall be transferred from such fund and placed in the fund or funds from which such sums were taken until a sum equal to the full amount so taken with regular interest thereon shall be returned to the fund or funds from which such transfer or transfers were made.

All children's annuities shall be paid from this fund.

Compensation Fund

Such amounts as shall be paid by the employer to provide the annuities provided for herein, in cases of death or injury of an employe in consequence of the direct performance of duty shall be paid into a fund to be known as the Compensation Fund.

There shall be paid from this fund:

(a) Amounts equal to the combined percentages of salary of the disabled employe required from employer and employe for Old Age Retirement Annuity and Life Insurance purposes for such employe during the period of such disability. Such amounts shall be paid into the Employer's Annuity Fund, the Salary Deductions for Annuity Fund, the Employer's Life Insurance Fund and the Employes' Life Insurance Fund respectively in proper proportions and credited to such employe in such funds.

(b) Such amounts as are necessary to provide the annuity or annuities stated in this Act in the case of death or injury of an employe in consequence of the direct performance of duty, except children's annuities, in excess of any annuity which may be provided from funds placed to the credit of such employe or the widow of such employe in the Annuity Reserve Fund.

During the year 1920, each employer concerned shall pay to each Retirement Board to provide the annuities provided for herein, in cases of death or injury of an employe in consequence of the direct performance of duty, an amount equal to one half of one per cent of the aggregate salaries for the year 1919 of the employes involved of such employer. Thereafter, such employer shall pay to each such Retirement Board such proportionate part of the total amount certified to by such Retirement Board as being necessary for annuities in cases of death or injury of an employe in consequence of the direct performance of duty as the aggregate salaries of all the employes of such employer in the group bears to the aggregate salaries of the employes of all employers involved in such group.

If at any time there is not in the Compensation Fund of a Retirement Board a sum sufficient to pay annuities to employes in cases of death or injury in consequence of the direct performance of duty,

according to the provisions of this Act, a sum equal to the amount required for such purpose may be transferred to such fund from any other fund under the control of such Board and used for the payment of such annuities. When thereafter any sum in excess of that required for current payment of annuities from the Compensation Fund of such board is received into such fund, it shall be transferred from such fund and placed in the fund or funds from which such sums were taken until a sum equal to the full amount so taken with regular interest thereon shall be returned to the fund or funds from which such transfer or transfers were made.

Salary Deductions for Annuity Fund

The amounts deducted from salaries of employes for Old Age Retirement Annuity purposes shall be paid into a fund to be known as the Salary Deductions for Annuity Fund.

In this fund an individual account shall be kept with each employe who is under the Standard Age of Retirement when he comes under the provisions of this Act, until such employe attains the Standard Age of Retirement or enters upon annuity if such employe enters upon annuity before attainment of such age, and with each former employe, after his withdrawal from service, if such former employe retains his eligibility for Old Age Retirement Annuity, until such employe enters upon annuity. As deductions are made from the salary of the employe, each such account shall be credited with the amount of each such deduction, and at least once each year, such account shall be credited with the proper interest accumulations. When any such employe enters upon his annuity or attains the Standard Age of Retirement, whichever event shall first occur, the accumulations to the credit of such employe on such date shall be transferred to the Annuity Reserve Fund, and placed to the credit of such employe in such fund.

Any deductions from salary for Old Age Retirement Annuity purposes required from a present employe after his attainment of the Standard Age of Retirement, less the amount of interest to be deducted therefrom shall be paid into this fund, until such time as all such payments have been fully made, or until the employe retires on annuity, whichever event shall first occur. They shall then be transferred to the Annuity Reserve Fund and placed to the credit of such employe in such fund.

If a male employe dies while in service before attaining the Standard Age of Retirement, leaving a widow, or if a male employe who withdrew from service before his attainment of the Minimum

Age of Retirement dies before entering upon annuity, leaving a widow eligible for annuity, the accumulation on the date of death of such employe from deductions from salary for Old Age Retirement Annuity shall be transferred from this Fund to the Annuity Reserve Fund and placed to the credit of such widow in such fund.

If a male employe dies while in service before attaining the Standard Age of Retirement, leaving no widow, but leaving children eligible for annuity, or if a male employe who withdrew from service upon or after his attainment of the Minimum Age of Retirement dies before entering upon annuity, leaving no widow, but leaving children eligible for annuity, all or such part of the accumulation on the date of death of such employe from deductions from salary for Old Age Retirement Annuity as may be necessary to provide annuities for the children of such employe shall be transferred from this fund to the Children's Annuity Fund and placed to the credit of such children in such fund.

Annuity Reserve Fund

There shall be paid into a fund to be known as the Annuity Reserve Fund, such amounts as shall be transferred to it from the Employer's Annuity Fund, the Salary Deductions for Annuity Fund, the Employer's Life Insurance Fund, the Employes' Life Insurance Fund, the Investment and Interest Fund, or any other fund from which payment to this fund is required.

When an accumulation for Old Age Retirement Annuity is placed to the credit of an employe in this fund, there shall be deducted from the amount of such accumulation, an amount equal to 2 per cent of the amount of such accumulation, to provide for refunds in accordance with the provisions of this Act. The amount of annuity which the remainder of the accumulation will provide according to the American Experience Table of Mortality and rate of interest applicable shall then be determined. The amount of annuity thus determined shall be the amount to be paid to such employe from this fund. The amount of annuity thus determined shall also be the amount subject to equalization under the Annuity Equalization Fund as stated in Section 16 hereof or the amount payable from this fund as stated under the Compensation Fund in this section above in case of injury in consequence of the direct performance of duty, either or both as may be necessary.

When an accumulation for Old Age Retirement Annuity of an employe is placed to the credit of the widow of such employe in this fund, there shall be deducted from the amount of such accumulation

an amount equal to 2 per cent thereof to provide for refunds in accordance with the provisions of this Act. The amount of annuity which the remainder of the accumulation, together with the amounts of life insurance transferred to this fund from the Employer's Life Insurance Fund and the Employes' Life Insurance Fund, will provide according to the American Experience Table of Mortality and 4 per cent interest shall then be determined. The amount of annuity thus determined shall be paid to such widow from this fund. The amount of annuity thus determined shall also be the amount subject to equalization under the Annuity Equalization Fund as stated in Section 16 hereof, or the amount payable from this fund as stated under the Compensation Fund in this section above in case of death or injury of the employe in consequence of the direct performance of duty, either or both as may be necessary.

Employer's Life Insurance Fund

The contributions to be made by the employer towards providing Life Insurance for employes, exclusive of any amounts paid towards supplementary Life Insurance for present employes, as stated in Section 32 hereof, shall be paid into a fund to be known as the Employer's Life Insurance Fund.

If there be more than one employer involved in a group of employes, as stated in Section 3 hereof, each such employer shall contribute to this fund such amounts as are required to be contributed by such employer for life insurance purposes for each future entrant employe of such employer and for each present employe of such employer exclusive of the amounts necessary to provide supplementary life insurance for such present employe.

In this fund, each individual insured shall be credited with the reserve on the part of the insurance assumed by the employer.

If a male employe dies while in service before his attainment of the Standard Age of Retirement, leaving a widow, or if a male employe who withdrew from service with rights to annuity which he retains, dies before entering upon annuity, leaving a widow eligible for annuity, an amount equal to the amount of life insurance provided by the employer for such employe shall be transferred from this fund to the Annuity Reserve Fund and placed to the credit of such widow in such fund.

The amount of any insurance provided by the employer, payable otherwise than in annuity, shall be paid from this fund.

At such time as the reserve on the insurance provided for an employe is convertible to a survivorship annuity for the wife of such

employe, an amount equal to the reserve in this fund to the credit of such employe shall be transferred to the Annuity Reserve Fund and placed to the credit of such wife in such fund.

The Retirement Board shall determine as of December 31 of each year the amount of interest required to maintain the reserve for such calendar year and the amount thus determined shall be transferred from the Investment and Interest Fund to this fund. The Retirement Board shall also determine as of such date the total liabilities of this fund including the Reserve Liability. If the assets credited to this fund on such date, exclusive of those arising from refunds to the employer on such date, should exceed the liabilities of this fund, the excess shall be paid to the Employes' Life Insurance Fund. If the total liabilities of this fund should exceed the amounts credited to this fund, exclusive of those arising from refunds to the employer on such date, an amount equal to the amount of such deficit shall be paid to this fund from the Employes' Life Insurance Fund.

Employes' Life Insurance Fund

All deductions from salaries to provide the Life Insurance benefits stipulated in this Act shall be paid into a fund to be known as the Employes' Life Insurance Fund.

In this fund, each individual insured by the fund shall be credited with the reserve on the part of the insurance assumed by such individual.

If a male employe dies while in service before his attainment of the Standard Age of Retirement, leaving a widow, or if a male employe who withdrew from service with rights to annuity which he retains dies before entering upon annuity, leaving a widow eligible for annuity, an amount equal to the amount of life insurance provided by such employe shall be transferred from this fund and placed in the Annuity Reserve Fund to the credit of such widow.

At such time as the reserve on the insurance provided for an employe is convertible to a survivorship annuity for the wife of such employe an amount equal to the reserve in this fund to the credit of such employe shall be transferred to the Annuity Reserve Fund and placed to the credit of such wife in such fund.

The Retirement Board shall determine, as of December 31, of each year, the amount of interest required to maintain the reserve for such calendar year, and the amount thus determined shall be transferred from the Investment and Interest Fund to this fund.

The amount of any insurance provided by the employe, payable otherwise than in annuity, shall be paid from this fund.

On December 31 of each year, after proper transfer of credit between this fund and the Employer's Life Insurance Fund has been made, transfer of funds between this fund and the Life Insurance Equalization Fund shall be made as stated in Section 16.

Sickness and Accident Insurance Fund

All sums paid by employer or employers and employes to provide for Sickness and Accident Insurance as specified in this Act shall be paid into a fund to be known as the Sickness and Accident Insurance Fund, and all benefits paid because of such insurance shall be paid from this fund.

Investment and Interest Fund

All gains from investment and all interest earnings shall be paid into a fund to be known as the Investment and Interest Fund. All losses from investment shall be charged to this fund. All amounts due in interest upon balances existing in the other funds, shall be transferred from this fund to such other funds.

Employer's Supplementary Fund

The employer shall pay annually into a fund to be known as the Employer's Supplementary Fund, the amounts required under the provisions of this Act, as stated in this Section below, to provide supplementary annuities and supplementary life insurance for present employes as stated elsewhere herein. Such payments shall be continued until the amounts credited to this fund shall be equal to the liabilities of this fund, calculating annuities entered upon or prospective according to McClintock's Annuitants' Table and 3 per cent interest, male or female, as the case may be, and life insurance liabilities according to the American Experience Table of Mortality and 3½ per cent interest.

When the assets credited to this fund are equal to the liabilities as aforesaid, then assets equal to the amount of liabilities involved shall be paid into other appropriate funds under the jurisdiction of the Retirement Board concerned, and this fund shall become discontinued.

If there be more than one employer contributing to the Employer's Supplementary Fund, each such employer shall pay annually such proportionate part of the total amount to be paid as the sum of the salaries of all employes of such employer in the group for the preceding calendar year bears to the total sum of the salaries of the employes of all employers in the group for said year.

All annuities payable to present employes and widows of present employes and to prior annuitants and the widows of prior annuitants

in addition to such annuities as are payable from the "annuity reserve fund" or the "compensation fund," as stated elsewhere in this Act, shall be paid from this fund.

The annual payments to be made to provide for supplementary annuities as required by this Act for present employes as defined in Section 3 hereof shall be as follows:

(1)	To the Retirement Board of Group 1, ...	$1,915,000.00
(2)	To the Retirement Board of Group 2, ...	206,000.00
(3)	To the Retirement Board of Group 3, ...	832,000.00
(4)	To the Retirement Board of Group 4, ...	200,000.00
(5)	To the Retirement Board of Group 5, ...	143,000.00
(6)	To the Retirement Board of Group 6, ...	535,000.00
(7)	To the Retirement Board of Group 7, ...	107,000.00
(8)	To the Retirement Board of Group 8, ...	625,000.00
(9)	To the Retirement Board of Group 9, ...	537,000.00
(10)	To the Retirement Board of Group 10, ...	250,000.00
(11)	To the Retirement Board of Group 11, ...	260,000.00

Section 15. Treatment of Assets and Obligations of Prior Existing Pension Funds

Each Retirement Board shall determine as of January 1, 1920:

(a) The present value of each annuity in effect and payable in accordance with the terms of each Act superseded by this Act, which pertained to the pension funds or pension and retirement funds brought under the jurisdiction of such Retirement Board by this Act.

(b) The amounts that were contributed or shall have been contributed by each present employe to any pension funds or pension and retirement funds brought under the jurisdiction of said Board. Each such amount shall be improved at regular interest to the date when such employe shall come under the provisions of this Act.

The present values of the annuities shall be determined according to McClintock's Annuitants' Table and 3 per cent interest, male or female, as the case may be.

When Employers Are Identical with Those Under Superseded Acts

If the employer or employers involved in any group under the jurisdiction of any Retirement Board created under the provisions of this Act are identical with the employer or employers involved in any pension fund or funds, or any pension and retirement fund or funds, existing under the provisions of an Act superseded by this Act, which fund or funds are brought under the jurisdiction of the Retirement Board created in accordance with this Act, then:

1: If the amounts that come into possession of the Retirement Board from such pension or pension and retirement fund or funds as existed under the provisions of the superseded Act or Acts are equal to or exceed the total of the liabilities determined as stated under (a) and (b) above, an amount equal to the amounts of liability determined under (a) shall be paid into the Annuity Reserve Fund and credited in proper amounts to the annuitants of the pension or pension and retirement fund or funds which existed under such superseded Act or Acts; an amount equal to the amount determined under (b) above shall be paid into the Salary Deductions for Annuity Fund and credited in proper amounts to the employes involved in the pension or pension and retirement fund or funds which existed under such superseded Act or Acts; and the balance, if any, shall be paid into the Employer's Supplementary Fund.

2: If the amounts that come into possession of the Retirement Board from such pension or pension and retirement fund or funds as existed under the provisions of the superseded Act or Acts are less than an amount equal to the total of the amounts of liability as determined under (a) and (b) above, then, if such funds be greater than the amounts of liability as determined under (a) above, amounts equal to the amounts of the liability as determined under (a) above shall be paid into the Annuity Reserve Fund and credited in proper amounts to the annuitants of the pension or pension and retirement fund or funds which existed under such superseded Act or Acts, and the balance shall be prorated among the present employes in the Salary Deductions for Annuity Fund according to the amounts contributed by such employes to the fund existing under such superseded Act or Acts with regular interest from the dates when such contributions were made to the dates when such employes come under the provisions of this Act.

3: If the amounts that come into possession of the Retirement Board from such pension or pension and retirement fund or funds as existed under the provisions of the superseded Act or Acts are less than an amount equal to the amounts of liability as determined under (a) above, they shall be paid into the Annuity Reserve Fund and prorated to the credit of the prior annuitants of such fund according to the present values of the annuities being paid, and the employer shall pay into the Prior Annuitants' Fund each year the difference between the amounts of annuities being paid to such annuitants and the amounts of the annuities provided from the Annuity Reserve Fund for such annuitants.

When an annuity is granted on account of a present employe, there shall be transferred from the Employer's Supplementary Fund to the Annuity Reserve Fund for the account of such employe, an amount equal to the difference between the amount contributed to the pension fund or pension and retirement fund created by an Act which this Act supersedes by such employe with regular interest and the amount placed in the Salary Deductions for Annuity Fund to the account of such employe on the date when he comes under the provisions of this Act, also improved at regular interest.

When Employes Are Not Identical With Those Under Superseded Acts

If the employer or employers involved in any group under the jurisdiction of any Retirement Board created under the provisions of this Act are not identical with the employer or employers involved in any pension or pension and retirement fund or funds existing under the provisions of an Act superseded by this Act which fund or funds are brought under the jurisdiction of a Retirement Board created in accordance with .this Act, then:

1: If the amount that comes into possession of such Retirement Board from any such pension or pension and retirement fund as existed under the provisions of the superseded Act is equal to or exceeds the total of the amounts of liabilities determined as stated under (a) and (b) in this section above, an amount equal to the amounts of liability determined under (a) above shall be paid into the Annuity Reserve Fund and credited in proper amounts to the annuitants of the pension or pension and retirement fund or funds which existed under such superseded Act or Acts; an amount equal to the amount determined under (b) above shall be paid into the Salary Deductions for Annuity Fund and credited in proper amounts to the employes involved in the pension or pension and retirement fund or funds which existed under such superseded Act or Acts, and the balance, if any, shall be paid into the Employer's Supplementary Fund and held in such fund to the credit of the employer or employers involved in the pension or pension and retirement fund or funds which existed under such superseded Act or Acts, with regular interest, to reduce the amounts which such employer or employers would otherwise pay into such fund.

2: If the amount that comes into possession of the Retirement Board from any such pension or pension and retirement fund as existed under the provisions of the superseded Act is less than an amount equal to the total of the amounts of liability as determined

under (a) and (b) above, then, if such funds be greater than the amounts of liability as determined under (a) above, an amount equal to the amounts of the liability as determined under (a) above shall be paid into the Annuity Reserve Fund and credited in proper amounts to the annuitants of the pension or pension and retirement fund or funds which existed under such superseded Act or Acts; and the balance shall be prorated among the present employes in the Salary Deductions for Annuity Fund according to the amounts contributed by such employes to the fund which existed under such superseded Act with regular interest from the dates when such contributions were made to the date when such employes come under the provisions of this Act.

3: If the amount that comes into possession of the Retirement Board from any such pension or pension and retirement fund as existed under the provisions of the superseded Act are less than an amount equal to the amount of liability as determined under (a) above, such amount shall be paid into the Annuity Reserve Fund and prorated to the credit of the annuitants participating in such pension or pension and retirement fund according to the present values of the annuities being paid from such pension or pension and retirement fund and the employer shall pay into this fund each year the difference between the amount of annuity being paid to all such annuitants and the amounts of the annuities being paid from the Annuity Reserve Fund to such annuitants.

When an annuity is granted on account of a present employe of any employer there shall be transferred from the Employer's Supplementary Fund to the Annuity Reserve Fund and credited to such employe in such fund an amount equal to the difference between the amount contributed by such employe to the pension or pension and retirement fund created by an Act which this Act supersedes, with regular interest, and the amount placed in the Salary Deductions for Annuity Fund to the account of such employe on the date when he comes under the provisions of this Act, also improved at regular interest. Such amount with regular interest shall be paid into the Employer's Supplementary Fund by the employer of such employe during the following year, in addition to the amounts otherwise payable by such employer during such year.

If a prior annuitant becomes ineligible for annuity under the provisions of the Act under which such annuitant derived annuity, then an amount equal to the reserve on such annuity in the Annuity Reserve Fund on the date when such ineligibility for annuity occurs shall be credited to the employer interested and held with regular

interest to reduce the amount which such employer would otherwise pay under the provisions of this Act.

Section 16. Equalization Funds

The Retirement Commission shall establish and administer three funds to be known as the Refund Equalization Fund, the Annuity Equalization Fund, and the Life Insurance Equalization Fund, respectively.

Refund Equalization Fund

Each Retirement Board shall determine, as of December 31 of each year, the total of all the amounts deducted during the year for refunds, accumulated at regular interest from the date when such deductions took effect to December 31. Such Retirement Board shall also determine the total of all the amounts paid in refunds during such year with regular interest on the amounts paid from the dates of payment to December 31.

If the amount so deducted with interest shall be in excess of the amount so paid with interest, an amount equal to the balance shall be paid by the Retirement Board in question to the Retirement Commission who shall place the amount thus paid in the Refund Equalization Fund. If the total amount so deducted with interest shall be less than the total amount so paid in refunds with interest, the Retirement Commission shall pay to the Retirement Board in question from the Refund Equalization Fund a sum equal to such difference, and such Retirement Board shall place the amount thus paid in the Annuity Reserve Fund of such Board.

Annuity Equalization Fund

Each Retirement Board shall determine, as of December 31 of each year, the reserves, according to the American Experience Table of Mortality and 4 per cent interest, on all annuities being paid by the Board from the Annuity Reserve Fund, and on all prospective annuities to be paid from such fund to employes who are over the Standard Age of Retirement, calculating such reserves as if such annuities were actually entered upon.

If the amount credited to the Annuity Reserve Fund shall be in excess of the total of the reserves so determined, an amount equal to the balance shall be paid by the Retirement Board in question to the Retirement Commission who shall place the amount so paid in the Annuity Equalization Fund. If the amount credited to the Annuity Reserve Fund shall be less than the total of the reserves so determined, the Retirement Commission shall pay to the Retirement

Board in question from the Annuity Equalization Fund a sum equal to such difference and the Retirement Board in question shall pay such amount to the Annuity Reserve Fund of such Board.

Life Insurance Equalization Fund

Each Retirement Board shall determine as of December 31 of each year, the reserves on the amounts of insurance in force in the Employes' Life Insurance Fund according to the American Experience Table of Mortality and 3½ per cent interest. If the amount credited to the Employes' Life Insurance Fund shall be in excess of the liabilities of such fund including the reserves on the amounts of insurance in force, an amount equal to the excess balance shall be paid to the Retirement Commission who shall place the amount so paid in the Life Insurance Equalization Fund. If the amount credited to the Employes' Life Insurance Fund shall be less than the total of the liabilities so determined, the Retirement Commission shall pay to the Retirement Board in question from the Life Insurance Equalization Fund a sum equal to such difference and the Retirement Board in question shall pay such amount to the Employes' Life Insurance Fund of such Board.

Provisions When Amounts in Equalization Funds Are Insufficient

In the event that the funds to the credit of any one equalization fund should prove insufficient to meet the demands on such fund, the Retirement Commission may borrow from any other equalization fund to meet such demands, and the amount thus borrowed shall be held at regular interest until repaid.

In the event that all three equalization funds should prove insufficient to meet the demands upon them, the Retirement Commission shall have power to issue anticipation warrants against future receipts, subject to regular interest, which warrants shall be prorated among all the Retirement Boards, according to the total of the accumulations for both Old Age Retirement Annuity and Life Insurance held by each Retirement Board on January 1 of the year in which such insufficiency of funds occurs. Such warrants shall be accepted and paid for at their face value by such Retirement Boards and shall be held until redeemed as investments within the provisions of this Act.

Provisions When Surplus Exists in Equalization Funds

If at any time the amount in the Refund Equalization Fund should exceed 10 per cent of the reserve held in all the annuity reserve funds of all Retirement Boards, or if at any time the amount held in the Annuity Equalization Fund together with an amount equal to

the amount of the reserves held in all the Annuity Reserve Funds of all the Retirement Boards should exceed the amount of the reserve required under McClintock's Annuitants' Table, male or female as the case may be, with 3 per cent interest, for all annuities being paid out of the Annuity Reserve Funds of all the Retirement Boards, and all prospective annuities to be paid from such funds to all employes who are over the Standard Age of Retirement, together with an amount equal to any amounts of liability because of Old Age Retirement Annuities existing in the Employer's Supplementary Funds of all the Retirement Boards; or if at any time an amount equal to 20 per cent of the amount of reserve carried for Life Insurance in all the Life Insurance Funds of all the Retirement Boards, together with an amount equal to any amounts of liability because of Life Insurance existing in such Employer's Supplementary Funds of all the Retirement Boards, the excess shall be prorated among the Retirement Boards according to the amounts each Retirement Board paid into such fund less the amounts which such Board withdrew from such funds with regular interest to the date when distribution is made. Each Retirement Board shall place such amounts when received in the Investment and Interest Fund.

OLD AGE RETIREMENT ANNUITY

Section 17. Amount of Annuity

The Old Age Retirement Annuity of an employe shall be equal to fifty per cent of the highest salary of the employe, in case the employe be a policeman or a fireman, or forty per cent of such salary if the employe be other than a policeman or a fireman, except that if the contributions necessary to provide such annuity should exceed the maximum contributions for annuity specified herein, then the amount to be contributed shall be the maximum permitted and the annuity shall be for such an amount as can be provided from the accumulations of the contributions thus made by and on behalf of such employe.

Section 18. Ratio of Contributions as Between Employer and Employe

To provide for the Old Age Retirement Annuity described in Section 17, both employer and employe shall contribute. The employer shall contribute with the employe for each service year of the employe in the ratio of three to one in case the employe be a policeman or a fireman, and in the ratio of two to one in case the employe be other than a policeman or a fireman. This ratio as be-

tween employer and employe shall be maintained with respect to all contributions of a future entrant and with respect to all contributions of a present employe except as modified by the provisions of Sections 22 and 23.

In determining the amounts to be paid by the employer on behalf of each employe in conformity with these ratios, the contribution made by each employe during a service year shall be accumulated at regular interest to the end of such year, and the employer shall contribute amounts bearing to the total of such accumulated amounts, the ratio stated, reckoning regular interest between the end of such service year and the dates when payments by the employer are made.

Section 19. Limitation in Contributions of Employe for Old Age Retirement Annuity

Contributions of an employe for Old Age Retirement Annuity during any service year of such employe shall not be required in greater amount than 4 per cent of each periodical payment of salary during such year including the amounts required to provide refunds as stated elsewhere in this Act.

Section 20. Plan of Accumulation for Old Age Retirement Annuity

Subject to the limitations in contributions imposed in this Act, the contributions of each employer and each future entrant for Old Age Retirement Annuity during each succeeding service year of such future entrant shall be of such an amount that if an equal amount be contributed during each of the remaining years of service of the employe to the date when he attains the Standard Age of Retirement, the total contributions during all service years of such future entrant accumulated at regular interest to the date when he attains the Standard Age of Retirement, will be sufficient to provide an annuity beginning at the Standard Age of Retirement, according to the American Experience Table of Mortality and 4 per cent interest, equal to fifty per cent of the highest salary received by such employe during any service year of such employe, including the year then current, in the case of a policeman or a fireman, or forty per cent of the highest salary received by such employe during any service year of such employe, including the year then current, in case the employe is other than a policeman or a fireman. Provided, however, that if such future entrant enters the service at an age which will permit of a greater period of service than twenty-five years before his attainment of the Standard Age of Retirement, the contributions of such employer and

such employe during each succeeding service year of the first twenty-five years of service shall be such that if an equal amount be contributed during each of the remaining years of the twenty-five years, the total contributions made during the first twenty-five years of service accumulated to the date when such employe attains the Standard Age of Retirement at regular interest, will be sufficient to provide an annuity beginning at the Standard Age of Retirement according to the foregoing standard, equal to fifty per cent of the salary as hereinbefore stated in the case of a policeman or a fireman or forty per cent of the salary as hereinbefore stated in case the employe is other than a policeman or a fireman.

Section 21. Provisions for Contributions After Twenty-five Years of Service

If a future entrant enters the service at an age which will permit of a greater period of service than twenty-five years before his attainment of the Standard Age of Retirement and by reason of the limitation in contributions for Old Age Retirement Annuity imposed in this Act or for any other reason the accumulation to the credit of such employe at any time after he has completed twenty-five years of service are insufficient to provide the annuity prescribed in this Act according to the plan of accumulation stated in Section 20, such employe and his employer shall contribute the limiting percentages of salary prescribed herein until such time as the amount accumulated to provide annuity for such employe when improved at regular interest to the date when he attains the Standard Age of Retirement shall be sufficient to provide the prescribed annuity. No such contributions, however, shall be made on account of any future entrant after he shall have attained the Standard Age of Retirement.

Section 22. Supplementary Annuities of Present Employes

The Retirement Board, subject to the approval of the Retirement Commission, shall determine as of the date when an employe comes under the provisions of this Act, the amount that would have been to the credit of such employe for Old Age Retirement Annuity from contributions of the employer if the employer had been contributing for old age retirement annuity for the employe as if the employe had been under the provisions of this Act from the beginning of his service, except that in making such determination, it shall be assumed that:

1: The salary of the employe was the same during his entire period of prior service as upon the date when he comes under the provisions of this Act.

2: The period of service of the employe shall be equal to the entire period of service which the employe gave to any employer as defined in this Act, up to the date when he comes under the provisions of this Act, including any service rendered after his attainment of the Standard Age of Retirement, and any period of time allowed as service under the provisions of any Act superseded by this Act governing and relating to a pension or pension and retirement fund in which such employe is a participant or beneficiary at the time when he comes under the provisions of this Act.

An amount equal to the amount determined under the foregoing provisions of this section shall be used to provide a supplementary annuity for the employe or for anyone deriving annuity through him under the same conditions as govern payment of annuity to future entrants and those deriving annuity through them, except that payment of such annuities shall be made from the Employers' Supplementary Fund, and also except that if the employe be over the Standard Age of Retirement on the date when he comes under the provisions of this Act, the amount of annuity shall be determined on the assumption that the age of the employe is the Standard Age of Retirement.

Section 23. Contributions on Behalf of and by Present Employes After the Dates When They Come Under the Provisions of This Act and Amounts of Annuities Available on Account of Service Rendered After Such Dates

If a present employe be under the Standard Age of Retirement on the date when he comes under the provisions of this Act, the employer shall contribute during each service year of the employe after he comes under the provisions of this Act until he attains the Standard Age of Retirement, subject to the limitation on contributions by the employer as specified herein, amounts sufficient to provide an annuity of three-fourths of fifty per cent of salary if the employe be a policeman or a fireman or an annuity of two-thirds of forty per cent of salary if the employe be other than a policeman or a fireman, diminished by the amount of supplementary annuity which can be provided from an amount equal to the amount determined as a credit of such employe on the date when he comes under the provisions of this Act, improved at regular interest to the date when the employe enters upon annuity or attains the Standard Age of Retirement, whichever event shall first occur, according to the standard specified for future entrants.

A present employe shall receive credit for the amount of all contributions made by him to any pension or pension and retirement

fund created by an Act which this Act supersedes, with regular interest accumulated to the date when he comes under the provisions of this Act.

If a present employe be under the Standard Age of Retirement on the date when he comes under the provisions of this Act, he shall contribute, beginning on such date, as of his attained age on such date, according to the plan of accumulation stated in Section 20, in such yearly amounts as will, when taken with the amount to his credit as defined in the last preceding paragraph hereof, all accumulated at regular interest, be sufficient to provide one fourth of the annuity specified in Section 17, if he be a policeman or a fireman, or one third of such annuity if he be an employe other than a policeman or a fireman, except that no such contributions shall exceed the limitation in contributions stated in Section 19.

When by reason of the limitations in contributions imposed herein, the accumulations to the credit of such employe on the date when he attains the Standard Age of Retirement are not sufficient to provide the annuity stated in the preceding paragraph, if such employe remains in service, he shall continue to contribute the limiting percentage of salary stated in Section 19 until the accumulation from his contributions on the date when he attained the Standard Age of Retirement together with the present value as of the date when he attained the Standard Age of Retirement, of his contributions made subsequent to his attainment of such age are sufficient to provide such annuity as of such age. The total of the present values, as of the date when such employe attained the Standard Age of Retirement, of the amounts contributed by such employe towards Old Age Retirement Annuity after he shall have attained the Standard Age of Retirement shall be used to provide such employe with an annuity in addition to that provided for him when he attained the Standard Age of Retirement, according to the American Experience Table of Mortality and 4 per cent interest on the assumption that the age of the employe is the Standard Age of Retirement.

If the employe be of or over the Standard Age of Retirement on the date when he comes under the provisions of this Act, and the accumulations to his credit on such date are not sufficient to provide the annuity stated hereinbefore in this section, he shall continue to contribute the limiting percentage of salary stated in Section 19, if he continues in service, until the accumulation from his contributions on the date when he comes under the provisions of this Act, together with the present value as of the date when he comes under the pro-

visions of this Act of his contributions made subsequent to such date, are sufficient to provide such annuity as of the Standard Age of Retirement. The present value, as of the date when the employe comes under the provisions of this Act, of the total of the amounts contributed by the employe towards Old Age Retirement Annuity after he comes under the provisions of this Act shall be used to provide the employe with an annuity in addition to that provided for him when he comes under the provisions of this Act, according to the American Experience Table of Mortality and 4 per cent interest on the assumption that the age of the employe is the Standard Age of Retirement.

Section 24. Annuity Privileges in Case of Withdrawal from Service After at Least Ten Years of Service Before Attainment of the Minimum Age of Retirement

An employe who withdraws from service after at least ten years of service and before attainment of the Minimum Age of Retirement will, if he shall not have availed himself of the refund privilege stated in Section 54, become entitled to annuity beginning at the Minimum Age of Retirement or at any later date.

The amount of such annuity shall be that which can be provided from the total of the accumulations derived as stated hereinafter, according to the American Experience Table of Mortality and 3½ per cent interest at the attained age of the employe on the date when his entire period of service is measured exactly in years at or next preceding the date when he enters upon his annuity, except that the amount of such annuity shall not in any case be in excess of the amount to which such employe shall be entitled upon attainment of the Standard Age of Retirement.

First: The accumulation from deductions from salary of the employe for Old Age Retirement Annuity on the date of his withdrawal from service together with, if he be a present employe, the accumulation on the date of his withdrawal from service of an amount equal to the amount, if any, to the credit of such employe, when he comes under the provisions of this Act, because of contributions to any pension or pension and retirement fund created by an Act which this Act supersedes, improved at 3½ per cent interest from the date when he withdraws from service to the date when he enters upon his annuity or attains the Standard Age of Retirement, whichever event shall first occur.

Second: One tenth of the accumulation on the date of his withdrawal from service of the contributions made by the employer on

his behalf, together with, if he be a present employe, one tenth the accumulation, on the date of his withdrawal from service, of an amount equal to the amount to the credit of such employe when he comes under the provisions of this Act to provide the supplementary annuity provided by the employer, for each complete year of service rendered in addition to ten complete years of service up to one hundred per cent of such accumulation or accumulations, improved at 3½ per cent interest from the date when he withdraws from service to the date when he enters upon his annuity or attains the Standard Age of Retirement, whichever event shall first occur.

Section 25. Annuity Privilege in Case of Withdrawal from Service, After at Least Ten Years of Service, Upon or After Attainment of the Minimum Age of Retirement, and Before Attainment of the Standard Age of Retirement

An employe who withdraws from service, after at least ten years of service, upon or after attainment of the Minimum Age of Retirement, and before attainment of the Standard Age of Retirement, shall be entitled to an annuity which he may enter upon immediately or at a later date. The amount of such annuity shall be that which can be provided from the total of the accumulations derived as stated hereinafter, according to the American Experience Table of Mortality and 4 per cent interest at his attained age on the date when his entire period of service is measured exactly in years at or next preceding the date when he enters upon his annuity, except that the amount of such annuity shall not in any case be in excess of the amount to which such employe shall be entitled upon attainment of the Standard Age of Retirement.

First: The accumulation from contributions of the employe for Old Age Retirement Annuity on the date of his withdrawal from service, together with, if he be a present employe, the accumulation, on the date of his withdrawal from service, of an amount equal to the amount, if any, to the credit of such employe when he comes under the provisions of this Act because of contributions to any pension or pension and retirement fund created by an Act which this Act supersedes, improved at regular interest to the date when he enters upon his annuity or attains the Standard Age of Retirement, whichever event shall first occur.

Second: One tenth of the accumulation on the date of his withdrawal from service of the contributions made by the employer on his behalf for old age retirement annuity, together with, if he be a present employe, one-tenth of the accumulation on the date of his

withdrawal from service of an amount equal to the amount to the credit of such employe when he comes under the provisions of this Act to provide the supplementary annuity provided by the employer, for each complete year of service rendered in addition to ten complete years of service up to one hundred per cent of such accumulation, improved at regular interest from the date when he withdraws from service to the date when he enters upon his annuity or attains the Standard Age of Retirement, whichever event shall first occur.

Section 26. Annuity Privilege of a Future Entrant, or of a Present Employe, Upon Withdrawal from Service Upon or After Attainment of the Standard Age of Retirement.

A future entrant, upon withdrawal from service upon or after attainment of the Standard Age of Retirement after at least ten years of service rendered before his attainment of the Standard Age of Retirement, or a present employe who is under the Standard Age of Retirement on the date when he comes under the provisions of this Act, upon withdrawal from service upon or after attainment of the Standard Age of Retirement, shall be entitled to enter upon an annuity immediately. The amount of such annuity shall be that which can be provided, according to the American Experience Table of Mortality and 4 per cent interest at the Standard Age of Retirement from the total of the accumulations derived as follows:

First: The accumulation from his own deductions in salary on the date when he attained the Standard Age of Retirement, including, in the case of a present employe, the total of the present values as of the date when he attains the Standard Age of Retirement of the deductions from salary of the employe for Old Age Retirement Annuity made subsequent to his attainment of such age; together with, if he be a present employe, the accumulation, on the date when he attains the Standard Age of Retirement, of an amount equal to the amount, if any, to the credit of such employe when he comes under the provisions of this Act because of contributions to any pension or pension and retirement fund created by an Act which this Act supersedes.

Second: One tenth of the accumulation on the date when he attains the Standard Age of Retirement of the contributions made by the employer on his behalf for Old Age Retirement Annuity, together with, if he be a present employe, one tenth of the accumulation on the date when he attains the Standard Age of Retirement, of an amount equal to the amount, to the credit of such employe when he comes under the provisions of this Act to provide the supplementary annuity

provided by the employer for such employe, for each complete year of service rendered in addition to ten complete years of service up to one hundred per cent of such accumulation.

Section 27. Annuity Privilege, Upon Withdrawal from Service, of a Present Employe, Who Is of the Standard Age of Retirement or Older on the Date When He Comes Under the Provisions of This Act.

A present employe who is of the Standard Age of Retirement or older on the date when he comes under the provisions of this Act shall be entitled to enter upon annuity immediately upon withdrawal from service. The amount of such annuity shall be that which can be provided from the total of the accumulations derived as stated hereinafter, according to the American Experience Table of Mortality and 4 per cent interest on the assumption that the age of the employe is the Standard Age of Retirement.

First: The total of the present values as of the date when he comes under the provisions of this Act of the deductions from salary of the employe for Old Age Retirement Annuity, together with the accumulation as of the date when he comes under the provisions of this Act of an amount equal to the amount, if any, to the credit of such employe when he comes under the provisions of this Act because of contributions to any pension or pension and retirement fund created by an Act which this Act supersedes.

Second: One tenth of the accumulation on the date when he comes under the provisions of this Act of the contributions made by an employer on his behalf for old age retirement annuity, together with one tenth of the accumulation on the date when he comes under the provisions of this Act to provide the supplementary annuity provided by the employer for such employe for each complete year of service rendered in addition to ten complete years of service up to one hundred per cent of such accumulation.

Section 28. Modification of Provisions of This Plan Affecting Present Employes

The amount of annuity for a present employe shall be that which can be provided from the contributions made by such employe and the employer accumulated according to the provisions of this Act, provided, however, that if the employe was a participant in or beneficiary of any pension fund or pension and retirement fund created by any Act which this Act supersedes and was or shall have been in service upon attainment of the Minimum Age of Retirement, such

annuity shall not be less than that provided for an employe under the provisions of said Act which this Act supersedes, whose rank, or position, is that of such employe on the date when this Act takes effect, and provided, further, that if such employe has a wife who would have been eligible for annuity under the provisions of said superseded Act had said Act remained in effect, and such employe be under the Standard Age of Retirement when he retires on annuity, there shall be deducted from the annuity otherwise to be paid to such employe, until such employe attains the Standard Age of Retirement, the contributions required under this Act from employer and employe for life insurance for such employe.

Any present employe who is or shall be a participant in or beneficiary of a pension fund or pension and retirement fund created under and by virtue of any Act or Acts superseded by this Act, the affairs of which are brought under the jurisdiction of any Retirement Board created under the provisions of this Act, and who is not qualified to retire upon Old Age Retirement Annuity when fifty (50) years of age under any other provision of this Act shall have the right to retire from service when fifty or more years of age and to receive thereafter an old age retirement annuity of an amount equal to forty per cent (40%) of the final salary of such employe, but not in excess of four hundred (400) dollars a year, provided such employe shall have completed the term of service required for retirement on account of length of service under the terms of the superseded Act or Acts relating to such employe. This right shall not be construed so as to conflict with or defeat any right of such employe under any other provisions of this Act to annuity in excess of four hundred (400) dollars a year.

LIFE INSURANCE

Section 29. Amount of Life Insurance to Be Provided

The amount of life insurance herein provided for an employe during any service year of such employe shall be equal to one and three quarters of the amount of salary received by such employe during such year, in the case of a policeman or a fireman, or one and one quarter of the amount of salary of such year, in the case of an employe who is other than a policeman or a fireman, except that:

(1) If the contributions necessary to provide such amount of insurance would exceed the maximum contributions required from an employer or an employe, as stated in Section 33, then the amounts to be contributed shall be the maximum therein stated and the amount

of insurance shall be such as can be provided by the contributions thus made by and on behalf of such employe.

(2) If the employe be a future entrant, or if he be a present employe who has been in service for less than 5 years when he comes under the provisions of this Act, he shall submit himself for such Medical Examination as may be prescribed by the Retirement Board and if he fails to submit himself for such examination or fails to pass such examination he shall be insured for an amount equal to 20 per cent of the amount stated above for each full year of service until he passes such examination or has been in service for five years. Thereafter he shall be insured for the amount above stated.

(3) If the employe be a female, or an employe whose salary is other than an annual basis, life insurance shall be optional with such employe. If such employe elects to become insured, the amount of such insurance shall be that which such employe elects, provided that, such amount shall not be in excess of the amounts hereinbefore prescribed in this section.

(4) Subject to the limitation upon contributions for life insurance contained herein, the amount of life insurance which an employe shall carry shall not be decreased if the salary of the employe shall become decreased.

Section 30. Ratio of Contributions as Between Employer and Employe

To provide for the insurance described in Section 29, employer and employe shall contribute in equal amounts during any service year. Such contributions of the employer shall be made with all contributions of a future entrant, and with all contributions of a present employe except as modified by the provisions of Section 32.

In determining the amounts to be paid by the employer on behalf of each employe, the contributions made by each employe during a service year shall be accumulated at regular interest to the end of such year and the employer shall contribute amounts equal to those contributed by such employes, reckoning regular interest between the end of such service year and the dates when payments by the employer are made.

The reserve on such insurance according to the American Experience Table of Mortality and 3½ per cent interest shall be set aside to the credit of the employe to be available for providing the benefits specified under the provisions contained in this Act.

Section 31. Plan of Premium Payment for a Future Entrant

Subject to the limitations upon contributions stated in Section 33, contributions toward life insurance during any service year of a future entrant shall be on the basis of the net level annual premiums required under limited payment life insurance, sufficient to render insurance of the amount specified, payable at death, paid up when the employe attains the Standard Age of Retirement, according to the American Experience Table of Mortality and 3½ per cent interest.

Section 32. Life Insurance of Present Employes

The Retirement Board shall determine the amount of reserve according to the American Experience Table of Mortality and 3½ per cent interest which would have been accumulated, under the plan of premium payment stated in Section 31 for a future entrant, to the credit of each present employe on the date when he comes under the provisions of this Act, for insurance of an amount equal to one half the amount stated in Section 29, under the following assumptions, but subject to the limitation upon contributions stated in Section 33:

(1) That he was under the provisions of this Act during his entire term of service.

(2) That his salary during his entire period of prior service was the same as on the date when he comes under the provisions of this Act.

(3) That his period of service is the entire period of service up to the date when he comes under the provisions of this Act including any service rendered after his attainment of the Standard Age of Retirement.

(4) That if he be over the Standard Age of Retirement on the date when he comes under the provisions of this Act, computations shall be made as if his age were the Standard Age of Retirement on such date.

An amount equal to the amount thus determined shall be applied as a net single premium at the attained age of the employe to provide supplementary paid up life insurance for such employe according to the American Experience Table of Mortality and 3½ per cent interest; provided, however, that if the employe be over the Standard Age of Retirement on the date when he comes under the provisions of this Act, the amount of paid up life insurance of such employe shall be that which could be provided at the Standard Age of Retirement.

If the employe be under the Standard Age of Retirement on the date when he comes under the provisions of this Act, the employer

shall thereafter contribute according to the plan of premium payment stated in Section 31, subject to the limitation upon contributions stated in Section 33, amounts sufficient to render insurance of one half the amount stated in Section 29, less the amount of supplementary paid up life insurance specified in the preceding paragraph, paid up when the employe attains the Standard Age of Retirement.

Subject to the limitation upon contributions stated in Section 33, the employe, if he be under the Standard Age of Retirement on the date when he comes under the provisions of this Act, shall assume insurance of an amount equal to one half of the amount stated in Section 29, as of his attained age on such date.

Section 33. Limitation Upon Contributions by Employer and Employe for Life Insurance

Neither employer nor employe shall contribute towards life insurance during any service year of the employe more than two per cent of each periodical payment of salary for such year.

Section 34. Provisions Regulating Payment of Life Insurance Otherwise Than in Annuities

If an employe leaves the service before completion of at least ten years of service, or if an employe leaves the service before attainment of the Minimum Age of Retirement after completion of at least ten full years of service but does not retain his rights to annuity, or if an employe attains the Standard Age of Retirement while in service and has no wife, or if a future entrant attains the Standard Age of Retirement while in service before completion of at least ten years of service, insurance payable on account of such employe under the provisions of this Act shall be payable to the widow of such employe, or if there be no widow, then as stated hereinafter below:

If a male employe dies while in service before attainment of the Standard Age of Retirement leaving no widow, or if a female employe dies while in service, then any insurance payable hereunder shall be payable as stated hereinafter below:

That part of the amount of the insurance paid for by the employer or employers shall be available to children of the blood in equal amounts to each, or to parents in equal amounts to each, if there be such, in the order named, unless the employe signified in writing his desire that such be paid in a different order or in different amounts to such relatives. If there be no relatives who bore such relationship to the employe, then the amount of the insurance paid for by the employer or employers in the group shall revert to the credit of such employer

or employers to reduce the amounts which such employer or employers would otherwise have to pay to the fund for insurance during the next succeeding year and the part of the insurance paid for by the employe shall be payable as directed by the employe in writing, or if the employe has given no directions in writing as to payment, then it shall be payable to the heirs, administrators, or assigns of the employe.

If a present employe is over the Standard Age of Retirement on the date when he comes under the provisions of this Act and has no wife on such date, then the amount of the insurance shall be payable to his widow if such exists on the date of his death, or if there be no widow, then as provided in the preceding paragraph.

Section 35. Disposition of Insurance Furnished by Employer Upon Resignation or Dismissal from Service of the Employe Before His Attainment of the Minimum Age of Retirement

If an employe resigns or is dismissed from service before his attainment of the Minimum Age of Retirement, the part of the reserve on his insurance contributed by the employer shall be used to provide paid up life insurance for such employe as of his attained age on the date when he leaves the service. Such insurance shall be payable to a widow married to such employe before his withdrawal from service in the form of an annuity provided such employe has retained annuity rights for himself as provided in this Act, but if such employe has not retained such annuity rights or if he was not entitled to annuity, or if the widow be one who married such employe subsequent to the date of his withdrawal from service, such insurance shall be payable in bulk sum to such widow. If no widow survives such employe, such insurance shall be payable to relatives of such deceased employe or revert to the credit of the employer as stated in Section 34. Provided that:

(1) If the employe was in service for less than ten years, payment will be conditional upon the employe continuing the insurance as stated in Section 36 after his withdrawal from service.

(2) If the employe was in service for ten years or more, payment will be conditional upon the employe either retaining his right to annuity as stated in Section 24, or continuing the insurance as stated in Section 36 after withdrawal from service.

Section 36. Insurance Privilege for Employe Upon Dismissal or Withdrawal from Service Before Entering Upon His Annuity

If an employe resigns or is dismissed from service before entering upon annuity, such employe may continue insurance for the amount for which he was insured at the time of his resignation or dismissal, as follows:

The amount of paid up life insurance which can be provided by the reserve on such insurance, applied as a net single premium at the attained age of the employe on the date of his resignation or dismissal from service according to the American Experience Table of Mortality and 3½ per cent interest, shall be determined and this amount together with the amount of supplementary paid up life insurance if the employe be a present employe shall be set aside to be available for relatives of such employe according to the provisions of this Act relating to such relatives.

The employe shall assume payment of premium at his attained age as of the date of his resignation or dismissal, on an amount of insurance equal to the amount of insurance carried in the fund for him on the date of his resignation or dismissal less the amount of paid up insurance determined as stated in this section above. The payment for such insurance shall be on the basis of the net level annual premium required to render the insurance paid up at the Standard Age of Retirement together with a loading for expense of administration to be determined by the Retirement Commission but not in excess of 10 per cent of each annual premium.

Section 37. Annuities for Widows of Employes Who Die While in Service, and Before Attaining the Standard Age of Retirement, from Causes Other Than the Performance of Duty.

The husband's insurance together with the deductions from such husband's salary for Old Age Retirement Annuity, accumulated to the date of his death, will be used to provide an annuity for his widow as of her attained age on the date of her husband's death.

If the annuity that can be provided with such funds should be less than 25 per cent of the husband's salary at the time of his death in the case of a policeman or a fireman, or less than 20 per cent of the husband's salary at the time of his death in the case of an employe who is other than a policeman or a fireman, then accumulations from the contributions of the employer on behalf of such husband for Old Age Retirement Annuity shall be drawn upon to such an extent as would provide for a widow of age five years less than that

of her husband, a total annuity equal to 25 per cent of said salary in the case of a policeman or a fireman or 20 per cent of said salary in the case of an employe who is other than a policeman or a fireman, provided, however, that in the case of a present employe a greater amount shall not be drawn from contributions of the employer than would be necessary if the accumulations from deductions from salary of the employe for Old Age Retirement Annuity were one fourth of the amount credited to the employe through contributions of the employer if the employe was a policeman or a fireman, or one third of such amount if the employe be other than a policeman or a fireman, and the part of the life insurance paid for by the employe was equal to that part paid for by the employer on behalf of such employe.

If the widow be of an age other than exactly five years younger than that of her husband, then the amount to be deducted from the accumulations of the employer's contributions shall be the amount that would be deducted if she were exactly five years younger than her husband, and this amount, together with the employe's insurance and the accumulations from the employe's contributions for Old Age Retirement Annuity, shall be used to provide an annuity as of her attained age on the date of the employe's death.

Section 38. Annuities for Widows of Employes Who Withdraw from Service After at Least Ten Years of Service and Retain Their Annuity Privileges but Die Before Entering Upon Annuity

If an employe who shall withdraw from service after at least ten years of service and retain his eligibility for annuity shall die before entering upon his annuity, leaving a widow who was married to him before his withdrawal from service, such widow shall receive an annuity of the amount which can be provided for her according to the American Experience Table of Mortality and 3½ per cent interest at her attained age on the date of death of her husband from the total of the amounts derived as follows:

1. The accumulation, on date of death of such former employe from deductions from salary for Old Age Retirement Annuity for him, computed as stated in Section 24.

2. One tenth of the accumulation, on the date when such former employe withdrew from service, from contributions made by the employer to provide Old Age Retirement Annuity for him, together with, if he shall be a present employe, one tenth of the accumulation, on the date of his withdrawal from service, of an amount equal to the amount to the credit of such employe when he comes under the pro-

visions of this Act to provide the supplementary annuity provided by the employer, for each complete year of service rendered in addition to ten complete years of service up to one hundred per cent of such accumulation or accumulations, improved at 3½ per cent interest from the date when he withdraws from service to the date of his death.

3. An amount equal to the amount of the paid-up life insurance provided by the employer on the date when such former employe withdrew from service.

4. An amount equal to the amount of the paid-up life insurance paid for in deductions from salary of the employe.

5. An amount equal to any amount of life insurance provided by such former employe under the provisions of this Act after such former employe withdrew from service, unless such former employe shall have signified in writing his desire that such insurance be paid otherwise.

Section 39. Survivorship Annuities for Widows of Future Entrants and for Widows of Present Employes.

On the date when an employe enters upon annuity, if he has a wife who was married to him before his retirement from service, or on the date when a present employe attains the Standard Age of Retirement while in service if he has a wife, or on the date when a future entrant attains the Standard Age of Retirement if he has been in service for at least ten years on such date and has a wife, the reserve on his insurance shall be applied to provide a survivorship annuity for such wife as of her attained age on such date.

Section 40. Survivorship Annuities for Widows of Former Employes

On the date when a former employe enters upon Old Age Retirement Annuity, if he has a wife who was married to him before his retirement from service, the reserve, as of the date when the former employe enters upon such annuity, on the paid-up insurance provided on his behalf and by him on the date of his withdrawal from service, shall be used to provide a survivorship annuity for such wife as of her attained age when her husband enters upon such annuity. To this amount will be added the reserve on any insurance paid for by such former employe after his withdrawal from service unless such employe shall have signified in writing his desire that such insurance be paid otherwise. The amount of such survivorship annuity shall be that which can be provided according to the Table of Mortality and that rate of interest that would have been applicable if the

former employe had died after withdrawal from service, before entering upon annuity.

Section 41. Survivorship Annuities for Widows of Employes Who Are Over the Standard Age of Retirement on the Dates When They Come Under the Provisions of This Act

If a present employe is over the Standard Age of Retirement on the date when he comes under the provisions of this Act and has a wife, the reserve on his life insurance shall be used to provide a survivorship annuity for such wife as of the attained ages of employe and wife on the date when he comes under the provisions of this Act.

Section 42. Modification of Provisions Concerning Annuities for Widows of Present Employes

The amount of annuity for the widow of a present employe shall not in any case be less than the annuity provided for such widow under the provisions of an Act, superseded by this Act, governing the pension or pension and retirement fund in which such present employe was a participant or a beneficiary.

In the event that the pension provided under the superseded Act is in excess of the annuity which can be provided from moneys available in any fund created under this Act, then such excess amount shall be treated for purposes of this Act as a supplementary annuity.

CHILDREN'S ANNUITIES

Section 43. Children Eligible for Annuity

Annuities shall be payable to children of the blood, under 18 years of age, of employes or former employes:

(a) Upon death of any such employe who died while in service, or

(b) Upon death of any such former employe who withdrew from service upon or after attainment of the Minimum Age of Retirement having at that age rights to Old Age Retirement Annuity, provided marriage of the parents took place before the employe withdrew from service, or

(c) Upon death of any such employe retired on Old Age Retirement Annuity, provided marriage of the parents took place before his retirement on annuity or his attainment of the Standard Age of Retirement while in service, whichever event first occurred, or

(d) Upon death of any such employe who is disabled while in performance of duty during such employe's absence from service be-

cause of such disability, until such employe attains an age five years beyond the Standard Age of Retirement.

Section 44. Amounts of Children's Annuities

A child's annuity, if a widow survives, shall be Ten Dollars ($10.00) per month, except that it shall be only Five Dollars ($5.00) per month after such child has attained the age of fourteen years when such child is not attending school; if no widow survives, a child's annuity in all cases specified above, shall be Five Dollars ($5.00) more per month than the amounts stated; provided, however, that the combined annuities of a widow and children shall not exceed 50 per cent of the salary of the employe in the case of a policeman or a fireman, or 40 per cent of the salary of the employe if he be other than a policeman or a fireman, if death of the employe did not occur while in or in consequence of the direct performance of duty, and shall not exceed 75 per cent of the salary of the employe in the case of death of the employe while in or as a consequence of the direct performance of duty, nor shall the combined annuities of the employe and children in the case of disability incurred in consequence of the direct performance of duty exceed the salary of the employe at the time of such disability, less amounts equal to the contributions necessary on the part of such employe for Old Age Retirement Annuity and Life Insurance purposes.

Such amounts as are necessary for children's annuities shall be provided by the employer or employers except that in cases where an amount would otherwise be paid in refund, any such part of such amount as may be necessary shall be used to provide annuities for the children concerned. When more than one employer is involved in the group under the jurisdiction of any Retirement Board, each such employer shall pay annually such proportionate part of the total amount to be paid for children's annuities as the sum of the salaries of all employes of such employer in the group for the preceding calendar year bears to the total sum of the salaries of the employes of all employers in the group for said year.

SICKNESS AND ACCIDENT INSURANCE

Section 45. Employes Who Shall Be Contributors for Sickness and Accident Insurance

The employes who shall be contributors to Sickness and Accident Insurance shall be all present employes and all future entrants who

are under an age five years older than the Standard Age of Retirement whose periods of service are in excess of five years, except:

(1) Employes absent on leave of absence, who are not receiving benefits from the Sickness and Accident Insurance Fund shall not be contributors after a period of thirty days has elapsed from the date when such leave of absence was granted.

(2) Employes who are in receipt of benefits from the Sickness and Accident Insurance Fund, or employes disabled in consequence of the direct performance of duty.

(3) Employes whose salaries are on other than an annual salary basis unless such employes after service for a period of at least five years, shall elect to become contributors to the Sickness and Accident Insurance Fund.

Section 46. Amounts to Be Contributed by Employer and Employes for Sickness and Accident Insurance Fund

During the calendar year 1920, each employer shall pay to each Retirement Board one quarter of one per cent of the salaries for the year 1919 of all employes of such employer under the jurisdiction of each such Retirement Board. During such calendar year each employe shall contribute one quarter of one per cent from each payment made on account of salary after he comes under the provisions of this Act.

Thereafter each employer shall contribute in equal amounts with the employes of such employer during any calendar year. In determining the amounts to be paid by the employer on behalf of each employe, the contributions made by each employe during a calendar year shall be accumulated at regular interest to the end of such year and the employer shall contribute amounts equal to the total of such accumulated amounts, reckoning regular interest between the end of such calendar year and the dates when payment by the employer are made.

Each employe shall contribute during any calendar year a percentage of salary, which percentage shall be the same for all employes, to be determined by the Retirement Board from estimates based on the experience of the Sickness and Accident Insurance Fund of the preceding year. In this connection the salary of the year shall be the actual salary of the employe during the year, but not to exceed $2500 per year.

If at the end of any calendar year a balance remains in the fund, such balance shall be used during the following year to reduce the

payments of both employers and employes in equal amounts as between employers and employes.

If at any time there is not a sum sufficient in the Sickness and Accident Insurance Fund of a Retirement Board to pay the Sickness and Accident Insurance benefits provided in this Act, sums equal to the amounts required for such purpose may be transferred to such fund from any other fund or funds under the control of such board and used for the payment of such benefits. When thereafter any sum in excess of that required for current payment of benefits from the Sickness and Accident Insurance Fund is received into such fund, it shall be transferred from such fund and placed in the fund or funds from which such sums were taken until a sum equal to the full amount so taken with regular interest thereon shall be returned to the fund or funds from which such transfer or transfers were made.

Section 47. Amount of Benefit from Sickness and Accident Insurance Fund

A contributor to the Sickness and Accident Insurance Fund who becomes disabled on account of illness or accident not in consequence of direct performance of duty, whose disability extends beyond the time allowed under laws, ordinances or administrative rules for sick leave with pay shall be eligible for the benefits provided by such Sickness and Accident Insurance during the period of disability until the employe attains an age five years beyond the Standard Age of Retirement, except that the period during which the disability benefit shall be payable shall not exceed a period equal to one half the period of service of the employe before disability benefits were granted nor shall such period exceed ten years. Payment of benefits from the Sickness and Accident Insurance Fund shall be subject to rules to be adopted by the Retirement Board which rules shall prescribe the length of time which must elapse between the time when such disability occurred and the time when receipt of such benefits shall begin.

The amount of such benefit shall be thirty per cent of the salary, not in excess of $2500, of the employe at the time of disability, less such percentages of salary as such employe is required to pay for Old Age Retirement Annuity and Life Insurance purposes. Amounts equal to such percentages of salary shall be paid into the Salary Deductions for Annuity Fund and the Employes' Life Insurance Fund from the Sickness and Accident Insurance Fund and placed to the credit of the disabled employe therein.

Section 48.—Annuities on Account of Disability or Death in Consequence of Direct Performance of Duty

If an employe, before his attainment of an age five years beyond the Standard Age of Retirement, shall be so disabled as the direct result of performance of duty, that he cannot perform the duties of his position, he shall receive, while so disabled, an annuity equal in amount to 75 per cent of his salary as it shall be at the date when such disability results, subject to the limitations hereinafter stated.

Such employe shall also receive a further annuity, subject to the limitations hereinafter stated, of the amount stated in Section 44, on account of each child of his blood under 18 years of age; provided, however, that any such disabled employe shall not receive any annuity in excess of the amount of his salary at the time of such injury less the sums that would be deducted from the salary of such employe for Old Age Retirement Annuity and Life Insurance purposes as prescribed herein, if such employe were in receipt of such salary.

If the employe be under the Standard Age of Retirement when such disability results, contributions equal in amount to the contributions theretofore made by such employe, and on his behalf by the employer, for Old Age Retirement Annuity and Life Insurance of such employe shall be maintained by the employer during the period of disability until the employe attains the Standard Age of Retirement. Upon attainment of such age, the Old Age Retirement Annuity rights for the employe, and the survivorship annuity rights of a wife, if the employe be a married male, shall be determined in the same manner as if the employe were in active service.

Subject to the modifications stated in Section 49, the amount of annuity prescribed herein shall be payable to the employe during disability until he shall attain an age five years beyond the Standard Age of Retirement. Upon attainment of such age, the amount of annuity payable to the employe shall be the amount of Old Age Retirement Annuity payable to him as determined when he attained the Standard Age of Retirement.

If an employe, before his attainment of an age five years beyond the Standard Age of Retirement, shall lose his life in consequence of the direct performance of duty, and a widow shall survive him, then such widow, provided she does not marry, shall receive an annuity, subject to the modifications stated in Section 49, equal to 50 per cent of the salary of such employe as it shall be at the time of his death or injury, until the date when the employe, if he had been alive, would have attained an age 5 years beyond the Standard Age of

Retirement. After such date, her annuity shall be that provided for the widow of an employe who dies while in service, except that the amount of such annuity shall not be less than the survivorship annuity that would have been provided for her if her husband had lived to the Standard Age of Retirement and had received in salary an amount equal to that received at the time of his death or injury.

If the widow of an employe who loses his life in consequence of the direct performance of duty marries, her annuity after such marriage shall be that provided for the widow of an employe who dies while in service or after retirement on annuity. In such cases, temporary annuities shall be computed as running from the time of the employe's death.

All annuities payable on account of injury or death of an employe in consequence of the direct performance of duty in excess of the Old Age Retirement Annuity provided for the employe upon attainment of the Standard Age of Retirement from the Annuity Reserve Fund and all annuities payable to widows of such employes in excess of the annuities provided for such widows from the Annuity Reserve Fund shall be paid by the employer.

Section 49. Effect of Workmen's Compensation

If an employe or the members of a family, as herein described, of an employe, shall receive any compensation under or by virtue of the Workmen's Compensation Act on account of disability or death resulting from the direct performance of duty, the annuity or annuities prescribed for such person or persons shall be reduced by the amount or amounts of such compensation, if such amount or amounts be less than such annuity or annuities, and if the amount or amounts received as compensation exceed such annuity or annuities, then an annuity or annuities shall not be payable to the recipient or recipients of such compensation until the expiration of the period of time during which the sum of the annuity or annuities payable at the rate herein stated would equal the sum or sums received as compensation; except that, if an employe attains the Standard Age of Retirement while absent from service because of disability incurred as the direct result of the performance of duty, or attains the Standard Age of Retirement before so incurring disability, or, if the widow of an employe who lost his life while in or as a consequence of the direct performance of duty, attains an age at which the employe if alive would have attained the Standard Age of Retirement, then the Old Age Retirement Annuity provided for such employe or the annuity provided for the widow shall be paid to the employe or the widow as the case

may be and the foregoing provisions of this section shall apply only to amounts in excess of such annuity.

Section 50. Modification Affecting Employes Whose Salaries Are on Other Than an Annual Salary Basis

The provisions of this Act shall be modified in so far as they apply to employes whose salaries are on other than an annual basis, as follows:

Old Age Retirement Annuity

The employe may at his option avail himself of the provisions of this Act in so far as they relate to Old Age Retirement Annuity; except that a present employe who is a participant in or beneficiary of a pension or a pension and retirement fund created by an Act which this Act supersedes shall come under the provisions of this Act relating to Old Age Retirement Annuity.

The amounts to be paid on behalf of and by such employe for Old Age Retirement Annuity during any service year of the employe shall be determined as percentages of the assumed annual salary, as defined in this Act, of such employe on the basis that such employe will be in service each year for a full working year and that the salary or wages of such employe shall be the assumed annual salary of such employe.

Such employe and his employer, respectively, shall pay during each service year of the employe amounts equal to the percentages determined as stated in the preceding paragraph of each amount payable in salary or wages to the employe during such year, regular interest being reckoned on all payments as between employer and employe during such year.

Life Insurance

An employe whose salary is on other than an annual salary basis may at his option avail himself of the provisions of this Act relating to life insurance provided such employe is one of those from whose salary deductions were or are being made for Old Age Retirement Annuity purposes.

The maximum amount of Life Insurance available under the provisions of this Act to any employe whose salary is on other than an annual basis shall be one and three quarters times the assumed annual salary of such employe, in the case of a policeman or a fireman and one and one quarter times the assumed annual salary in the case of an employe who is other than a policeman or a fireman.

Insurance of the maximum amount stated or of any lesser amount shall be optional with the employe.

The employe shall pay in advance one twelfth of the annual premium required for the amount of insurance assumed. Thereafter payment of premiums monthly in advance shall be made as follows:

From each amount due the employe in wages there shall be deducted a percentage of such amount equal to one half of the percentage of the assumed annual salary required for payment of premiums. At the end of the month, the account of the employe for premium payment shall be credited with an amount to be paid by the employer equal to that proportionate part of one half of the percentage of the assumed annual salary required to pay premiums which the number of days during which the employe worked for the employer during the month bears to 300 days.

If the amounts deducted from the salary of an employe and contributed by an employer for such employe during any month are in excess of the amount of premium required, the balance shall be held as a credit of the employe to the end of the current service year, to be used to provide against any possible deficiency in later months of such year. At the end of any service year, if an excess over one twelfth of the annual premium exists in the premium payment account of the employe, the amount of such excess shall be paid to the employe. If, at the end of any month a deficiency in premium payment exists, the amount of such deficiency shall be paid by the employe, and if not paid, it shall be deducted with regular interest from the first amount due the employe in salary or wages in any succeeding month without regard to the limitation in contributions stated elsewhere in this Act, provided however, that if the amount of such deficiency or the total of the amounts of such deficiencies with regular interest should exceed the reserve on the insurance paid for by the employe, or if any such deficiency remains unpaid for a period of one year, then the insurance hereunder shall be determined in the same manner as if the employe withdrew from the service of the employer.

Sickness and Accident Insurance

Sickness and Accident Insurance of an amount equal to 30 per cent of the assumed annual salary of the employe shall be optional with employes who have been in service for at least five years and whose salaries are on other than an annual salary basis, provided such employe is one of those from whose salary deductions were or are being made for Old Age Retirement Annuity purposes.

The employe shall pay in advance one twelfth of the annual premium required for the amount of insurance assumed. Thereafter payment of premiums monthly in advance shall be made as stated in this section above under Life Insurance, except that if at the end of any month a deficiency in premium payment exists and such deficiency is not removed inside of 30 days, the insurance hereunder shall cease. The insurance, however, may be reinstated at any time if the employe remains in service, under the same conditions as if the employe were being insured against Sickness and Accident under the provisions of this Act, for the first time, provided such employe shall pass such medical examination as is prescribed by the Retirement Board concerned.

Provisions for Other Than Monthly Payments

Notwithstanding the provisions for payment of premiums for Life Insurance and Sickness and Accident Insurance as made in this Section above, the Retirement Board, with the approval of the Retirement Commission, shall have the power to arrange for premium payments on any other basis where the salary or wages of the employe is on other than an annual salary basis, provided such arrangement shall require that premium payments be made in advance.

Section 51. Provisions Relating to Life Insurance When Such Insurance Is Optional

In any group of employes on whom life insurance is optional, applicants for insurance shall be subject to such medical examination as may be prescribed by the Retirement Board, except that, if 75 per cent, but in no case less than 100 present employes on whom life insurance is optional in any group under the jurisdiction of a single Retirement Board shall make application for life insurance of the maximum amount permitted under this Act, prior to January 1, 1920, and shall pay the premiums required for at least one month of insurance, then such medical examination shall be waived on all making such application.

If any such employe fails to pass such medical examination, he shall be given the option of withdrawing his application for insurance or of being insured for an amount equal to twenty per cent of the amount of insurance for which application was made for each full year of service rendered after the date when application for such insurance was made until such employe passes such examination or has been in service for five years from the date of such examination. Thereafter insurance shall be for the full amount applied for.

When life insurance is optional with an employe, if such employe agrees, at the time of making application for insurance, to have his insurance increase as his salary increases in some definite ratio of insurance to salary, then increase of insurance in such ratio due to increase in salary, shall not be subject to medical re-examination. Otherwise each increase in insurance on the life of such employe with whom life insurance is optional shall be subject to medical re-examination

When life insurance is optional with an employe, and such insurance is entered upon by the employe at a time other than the beginning of a service year, the insured shall have the option of assuming the premium rate as of the end of such service year and having the reserve accumulate from the end of such year or of assuming the premium rate as of the beginning of such year and, by making all premium payments for such year, have the reserve on the insurance provided by and on behalf of such employe accumulate from the beginning of such year.

An employe on whom life insurance is optional may discontinue his or her insurance at any time. When the insurance is discontinued, refund shall be made to the employe of the reserve as of the date of discontinuance on that part of the insurance provided from the amounts deducted from such employe's salary.

Section 52. Provisions Affecting Employes While on Leave of Absence

An employe shall be entitled to credit as service for any or all periods of leave of absence subsequent to the date when this Act comes in force and effect not in excess of one tenth of the entire term of service rendered by such employe prior to such leave or leaves of absence, provided that no such leave of absence shall be counted in computing service upon which subsequent leaves of absence shall be granted.

If an employe during any period of leave of absence and not receiving benefits from the Sickness and Accident Insurance Fund shall pay to the Retirement Board amounts equal to the percentage of salary theretofore deducted from his salary for Old Age Retirement Annuity purposes, his employer shall pay to such Retirement Board the corresponding amounts required for such purpose. Otherwise such employer shall not be required to make such payments.

During any period of leave of absence of an employe without benefit from the Sickness and Accident Insurance Fund, the employer of such employe shall not be required to make any payment for life

insurance purposes for such employe. Such employe shall during the period of such leave of absence, pay to the Retirement Board amounts equal to those theretofore made by both employer and himself for such purpose. If the employe fails to make such payments, the premiums as they become due shall be charged against the reserve on the part of the life insurance provided from deductions from the salary of such employe, and upon return of such employe to service, the amount thus charged with regular interest shall be deducted from the first amount or amounts otherwise payable in salary to such employe without regard to the limitation upon contributions stated in this Act, except that, if the amounts thus charged, with regular interest thereon, against such reserve, shall become equal to such reserve or if one full year's premiums shall remain unpaid, the insurance shall cease and be determined in the same manner as if the employe had retired from service.

If an employe is absent on leave of absence without pay and is not in receipt of benefit from the Sickness and Accident Insurance Fund, he shall be permitted to remain a contributor to the Sickness and Accident Insurance Fund for the first 30 days of such leave of absence, by payment in advance of an amount equal to the amount being paid by him to the Sickness and Accident Insurance Fund at the time when such leave of absence is granted.

Section 53. Provisions Affecting Employes Absent from Service Because of Disability

The Retirement Board shall require an employe who is in receipt of any benefit because of disability, to undergo medical examination at least once each year by a physician or physicians designated by the Retirement Board. Should the Retirement Board decide as the result of such examination that such employe is no longer disabled for the performance of duty, such Retirement Board shall discontinue all benefits to such employe. The head of the Department in which the employe was employed at the time of his disability shall upon notification by the Retirement Board reinstate such employe in such position as was held by and at such a rate of salary as was paid to such employe at the time when disability began.

Should such employe refuse to submit to any such examination, any benefits being paid such employe under the provisions of this Act because of disability shall be discontinued immediately.

Upon application, approved by the proper Retirement Board, of any employe who is in receipt of benefits under the provisions of this

Act because of disability, such employe shall be restored to active service by the head of the department in which the employe was employed at the time of his disability.

Section 54. Refunds

If any employe shall withdraw from service or attain the Standard Age of Retirement while in service, before completion of at least ten full years of service, refund of the deductions made from the salary of such employe for Old Age Retirement Annuity purposes shall be made upon request, or if no request is made, then upon attainment of the Standard Age of Retirement. If an employe who has completed at least ten full years of service shall withdraw from service before his attainment of the Minimum Age of Retirement, refund of the deductions made from the salary of such employe for Old Age Retirement Annuity purposes shall be made upon request.

The amount of refund, in any such case, shall be an amount equal to the accumulation from such deductions from salary of such employe on the date when such employe shall withdraw from service, improved at interest at the rate of three and one-half per cent per annum from the date when such employe withdraws from service to the date when request for refund is made, provided, however, that interest accretions shall cease after a period of twenty years shall have elapsed from the date when such employe shall withdraw from service.

If any employe shall die while in service, or if any former employe who has withdrawn from service before attainment of the Minimum Age of Retirement shall die before attainment of the Minimum Age of Retirement, or if any employe shall attain at least the Minimum Age of Retirement while in service after a period of service of at least ten full years, or if any former employe after a period of service of at least ten full years shall attain the Minimum Age of Retirement without having made request for refund, as stated above, the amounts subject to the right of such employe to receive refunds shall be:

The amount accumulated from the deductions from the salary of an employe for Old Age Retirement Annuity together with the amount of life insurance provided by employer and employe for such employe, including all amounts paid by the employer for such purposes in lieu of deductions from the salary of an employe disabled in consequence of the direct performance of duty, less all amounts paid in annuity to such employe and his widow, shall be refunded, provided, no children of such employe shall have received annuity prior to the death of the last survivor and no such child eligible for annuity shall survive the last survivor. If children of such employe received an

annuity prior to the death of such survivor, and the amount determined as stated in the preceding paragraph exceeds the amount of life insurance provided by employer and employe for such employe, the amount in excess of the amount of such life insurance shall be reduced by the amount paid in annuities to such child or children, and the balance, if any, together with the life insurance, shall be refunded if no children eligible for annuity survive the last survivor.

If children eligible for annuity survive said last survivor and a balance over the amount of life insurance and the amount paid in children's annuities exists, such part of such balance as is necessary shall be set aside in the Children's Annuity Fund to provide children's annuities and the remainder, if any, shall be refunded. When annuities to children cease, any balance remaining shall be refunded.

The provisions of this Act relating to refunds shall be modified as follows:

1: Refunds of deductions from salary of any present employe made under the provisions of any Act which this Act supersedes shall be made only in accordance with the provisions of such superseded Act.

2: The amount accumulated from deductions from the salary of any present employe, on the date when such employe attains the Standard Age of Retirement, made under the provisions of this Act, shall include the total of the present values as of the date when such employe attains the Standard Age of Retirement, of amounts equal to the amounts deducted from the salary of such employe for Old Age Retirement Annuity for him made after the employe attains the Standard Age of Retirement.

3: In any case where annuity arises through disability or death of an employe in consequence of the direct performance of duty, the amount subject to refund shall not be reduced by any amounts paid in annuity prior to the date when such employe attains an age five years beyond the Standard Age of Retirement or would have attained such age if alive.

Refunds of accumulations from contributions of the employer for Old Age Retirement Annuity shall be made to the employer in the form of a credit to reduce the contributions which such employer would otherwise be required to make during the following year, in amounts and under conditions as stated below.

1. If an employe withdraws from service and receives in refund the accumulation from deductions from salary to provide an Old Age Retirement Annuity for him, the entire amount accumulated from

contributions of the employer to provide Old Age Retirement Annuity for such employe shall be credited to the employer when refund to the employe is made.

2. If the employe withdraws from service and does not receive refund of the accumulation from deductions from his salary for Old Age Retirement Annuity, the accumulation of contributions by the employer for Old Age Retirement Annuity on behalf of such employe shall remain to the credit of such employe until the date when the employe attains the Standard Age of Retirement. On such date, if the employe is ineligible for annuity, or if being eligible for annuity all of the accumulation of the employer is not to be credited to such employe under the provisions of this Act for annuity purposes for such employe, the accumulation or that part not to be credited to the employe on such date shall be credited to the employer on such date.

3. If the employe dies while in service before attainment of the Standard Age of Retirement, any balance remaining after widow's or children's annuities have been provided for, shall be credited to the employer as of the date of death of the employe.

Refunds shall be made as directed by the employe in writing. If no direction is given, they shall be made to the widow of such employe if such widow is not eligible for annuity, or if no widow exists, then to the children of such employe in equal amounts to each or if no children exist, then to surviving parents, if any, in equal amounts to each, or if there be no surviving parents, then to the heirs, administrators, or assigns of such employe.

In case of the withdrawal of an employe from service the Retirement Board may at its discretion defer payment of refunds for a period not to exceed one year, except that, if at the end of the year suit is pending to determine the employe's right to retain his former position, payment of refunds shall be suspended until disposition is made of such suit. When payment is thus deferred regular interest instead of interest at 3½ per cent will be paid for the period during which payment was deferred.

Contributions to Provide for Refunds as Specified in This Act

To provide for refunds as specified in this Act, there shall be deducted from the accumulations of the sums deducted from the salary of each employe for Old Age Retirement Annuity, and the accumulations of the sums contributed by the employer, on behalf of each such employe for such purposes, amounts equal to 2 per cent of such accumulations, except that no such deduction shall be made from contributions of the employer to provide supplementary annuities for

present employes and no such deductions shall be made from the amounts credited to present employes when they come under the provisions of this Act because of contributions made to any pension or pension and retirement fund created by an Act which this supersedes.

All deductions from the salaries of employes and all contributions from employers for Old Age Retirement Annuity purposes shall in all cases where such amounts are subject to these deductions for refund purposes as hereinbefore stated, be increased by such a percentage that the accumulated amounts from such deductions from salaries and contributions after 2 per cent is deducted therefrom will be sufficient to provide the annuities specified in this Act, provided, however, that no deduction from the salary of an employe nor corresponding contribution of an employer shall exceed the limitation on contributions specified in this Act.

Section 55. Provisions in Cases of Transfer of Service

In case an employe transfers his service so as to become classified in a group whose affairs are administered by a Retirement Board other than that which administered the affairs of the group to which such employe previously belonged, each Retirement Board interested shall retain in its possession the accumulations for Old Age Retirement Annuity purposes for such employe until payment therefrom becomes necessary.

The amount of life insurance for which such Retirement Board shall be accountable shall be the amount of paid-up life insurance which the reserve in the possession of such board for life insurance purposes on account of such employe will provide as of the date when such employe transfers his services.

For annuity purposes the total of the amounts available for any such purposes in the possession of any two or more Retirement Boards on account of such employe or other beneficiary shall be considered as one sum and each Retirement Board interested shall pay such proportionate part of such annuities as the amount in the possession of such Board for each such annuity bears to the total sum available for each such annuity.

Section 56. General Provisions

An employe shall receive credit as service for all periods of service rendered by such employe to an employer as defined by this Act, including any term of service allowed by any Act pertaining to pensions and relating to such employe which this Act supersedes.

Any increase in salary received by an employe during any service year after at least one deduction from salary has been made for annuity or insurance purposes during such year shall not be taken into consideration under the provisions of this Act relating to Old Age Retirement Annuity or Life Insurance until the beginning of the next succeeding service year.

In any case where the annuity that would be provided under this Act is less than Fifteen Dollars ($15.00) per month, then an annuity of Fifteen Dollars ($15.00) per month shall be paid the annuitant as a temporary annuity.

Any person classed as an employe as defined herein, or any person who shall hereafter become classed as an employe as defined herein shall by such employment accept the provisions of this Act and thereupon become contributors under said Act in accordance with the terms thereof. And the provisions of this Act shall become a condition of the employment of such person and part of any contract of employment entered into by and with such person.

No teacher who has been, or who shall have been, elected by a Board of Education in any city of more than one million inhabitants shall be removed or discharged, except for cause, upon written charges which shall upon the teacher's written request, be investigated and determined by said Board of Education, whose action and decision in the matter shall be final.

All employes in any branch of the service in which there are employes who are participants or beneficiaries of any pension or pension and retirement fund created by any Act which this Act supersedes, whose salaries are on an annual salary basis, shall come under the provisions of this Act.

If an employe for whom Old Age Retirement Annuity is optional shall elect to avail himself of the right to Old Age Retirement Annuity, such employe must continue in possession of such right during his subsequent service and be subject to deductions from salary for such purpose.

If an employe, upon resignation or dismissal from service or at any time thereafter, terminates all rights to life insurance under the provisions of this Act, then an amount equal to the reserve as of the date of termination of such insurance on that part of the insurance provided by the employer of such employe shall revert to the credit of all employers of the group concerned to reduce the amount which such employers would otherwise need to pay during the following

year for life insurance purposes for the group to which such employe previously belonged.

Any amount paid into the Employer's Annuity Fund, the Salary Deductions for Annuity Fund, the Employer's Life Insurance Fund or the Employes' Life Insurance Fund shall begin to earn interest from the last day of the calendar month when such amount is paid into such fund.

If an employe upon or after withdrawal from service before attainment of the Minimum Age of Retirement and after at least 10 years of service does not apply for refunds he shall be deemed to be eligible for annuity.

In case of disability incurred not in consequence of the direct performance of duty, amounts equal to the percentages of salary required from such employe and the employer for Old Age Retirement Annuity and Life Insurance purposes for such employe shall be paid from the Sickness and Accident Insurance Fund to the Salary Deductions for Annuity Fund, the Employer's Annuity Fund, the Employes' Life Insurance Fund, and the Employer's Life Insurance Fund respectively, and placed to the credit of the disabled employe therein.

In any case where the combined annuities of a widow and children of a deceased employe, or of a disabled employe and children of such employe, would exceed the limitation upon the combined annuities of such a group of persons as stated in Section 44, the annuities of such widow and children, or of such employe and children, shall be prorated, to conform to the limitation stated, according to the amounts that would otherwise be received by such persons.

If an employe fails to submit himself for such medical examination as may be prescribed by the Retirement Board to determine his fitness for life insurance or fails to pass such examination, then if such employe is thereafter insured the premiums for such insurance shall be the same as if the employe had passed such examination.

If a male employe, whose salary is on an annual salary basis, enters upon annuity or attains the Standard Age of Retirement, having no wife, he may then or at any time thereafter, discontinue his insurance. When such insurance is discontinued, refund shall be made to such employe of an amount equal to the reserve thereon as of the date of such discontinuance on that part of the insurance provided from the amounts deducted from such employe's salary.

Wherever "contribute," "contributions," "contributor," or "contributed" of or by an employe are mentioned in this Act they shall mean amounts deducted from the salary of an employe or amounts otherwise paid by an employe for the purposes of this Act.

Any person who has retired from service under the laws or rules of any pension fund or pension and retirement fund, created under and by virtue of the provisions of any Act or Acts superseded by this Act, the affairs of which are brought under the jurisdiction of any Retirement Board created under and by virtue of this Act and who is or shall be entitled to pension or annuity under the provisions of said superseded Act or Acts, shall be treated for annuity purposes by such Retirement Board according to the provisions of such superseded Act or Acts and shall receive an annuity equal in amount to such pension or annuity from such Retirement Board in accordance with the provisions of such superseded Act or Acts. Widows, children, and other dependents of such retired employe shall likewise receive pension or annuity in accordance with the provisions of such superseded Act or Acts.

Any pensioner or annuitant receiving pension from any pension fund or pension and retirement fund created under and by virtue of the provisions of any Act superseded by this Act, the affairs of which are brought under the jurisdiction of any Retirement Board created pursuant to this Act shall receive from such Retirement Board an annuity equal in amount to the pension or annuity provided for such pensioner or annuitant under the terms of such superseded Act or Acts. Such annuity shall be subject to all the provisions concerning same of the Act or Acts under which it was granted and was theretofore payable. Widows, children, and other dependents of such retired employe shall likewise receive pension or annuity in accordance with the provisions of such superseded Act or Acts.

Whenever a present employe (or the widow of such employe) who is or was a participant in or beneficiary of a pension or pension and retirement fund created under and by virtue of the provisions of an Act or Acts superseded by this Act, the affairs of which are brought under the jurisdiction of a Retirement Board created under and by virtue of this Act, shall become an annuitant in accord with the provisions of this Act, and the status of such employe, or widow, shall subsequently become such, that if the annuity to such person were granted in accord with the provisions of the said superseded Act or Acts, such annuity would cease, then all of such annuity which is in excess of that provided by or from the accumulations of the following amounts shall cease. Such amounts are: the amounts credited to such employe on the date when he shall have come under the provisions of this Act, on account of service rendered prior to such date and chargeable against his employer, all amounts credited to such

employe on such date on account of deductions from his salary or payments otherwise made by him to the pension or pension and retirement fund referred to, all payments made by and on behalf of such employe by his employer and himself, since he shall have come under the provisions of this Act, and the amount of the life insurance of such employe, all disposed of and used in accordance with the provisions of this Act.

In the event that an annuity or a part of an annuity becomes discontinued under the provisions of an Act which is superseded by this Act, then any reserve held on such annuity or part of an annuity shall revert to the credit of the employer interested to be used to reduce the amount which such employer would otherwise pay under the provisions of this Act.

A Retirement Board with the approval of the Retirement Commission may specify a date upon which all employes under the jurisdiction of such board who enter service during any part of the calendar year following such date shall be considered as entering service, and when such date is thus specified, all employes entering on any subsequent date during such calendar year shall be considered as having entered upon the date specified.

Except as herein provided no member of a Retirement Board or of the Retirement Commission nor any one connected with a Retirement Board or the Retirement Commission shall have any interest, direct or indirect, in the gains or profits of any investment made by such board or commission, nor as such, directly or indirectly, receive any pay or emoluments for his services except as herein provided. Nor shall any such person as an agent or partner of others borrow any funds or deposits, or in any manner use the same, except to make such current and necessary payments as are authorized by such board or commission, nor shall any member of any such board or commission or anyone connected with such board or commission become an endorser or surety or become in any manner an obligor for moneys loaned by or borrowed of any such board or commission.

Section 57. Annuities Exempt from Attachment, Etc.

The right of a person to annuity or any other right accruing to any other person under the provisions of this Act, and the moneys in the various funds created under this Act, are hereby exempt from any State or municipal tax, and exempt from levy and sale, garnishment, attachment, or any other process whatsoever, and shall be unassignable except as in this Act specifically otherwise provided.

CHAPTER VIII

SURVEY OF POSITIONS IN THE PUBLIC SERVICE IN ILLINOIS

SHOWS WIDE FIELD FOR PENSION LEGISLATION AS TO STATE, COUNTY, SCHOOL AND MUNICIPAL EMPLOYES

A pension system for public employes and officials is deemed applicable only to those having permanence of tenure in their positions or in the service concerned.

There are 82,595 employes, appointive officials and elective officers in the public service of (1) Illinois, (2) its counties, (3) its municipal corporations having 1,000 or more inhabitants according to the United States census of 1910, and (4) its school districts.

The total number of appointive officials and employes is 77,459. Of these 66,922 are under tenure legislation, in positions for which the men and women employed are selected under laws requiring examinations of their qualifications for the duties of the positions concerned. These tenure laws are the public school teachers' acts, the civil service acts, and the fire and police commissioners' act.

All told 58,359 of the 77,459 appointive employes and officials are now covered by pension legislation. Of this number only 1,152 are not under permanent tenure legislation. These 1,152 are policemen and firemen in certain cities which have been generally assumed to give them permanence of tenure merely by custom.

Of the 66,922 positions covered by tenure legislation, 57,207 are covered by pension legislation. All of the 30,495 teachers appointed under the public school teachers' acts, this number excepting the faculty of the University of Illinois, and all the 569 policemen and firemen appointed under the police and fire commissioners' act, as well as the 1,152 policemen and firemen having permanence of tenure merely by custom, are now under pension laws. But of the 34,706 employes appointed for tenure during good behavior and efficiency under the civil service acts 8,563 are not now covered by any of the present fifteen pension laws for public employes in the statutes of Illinois.

Of the 10,537 appointive officials and employes whose positions are not filled under any of the examination or permanent tenure acts, none is now included under these pension laws.

Likewise, out of the 5,136 elective officers, including the judges, chosen to serve in public offices for stated terms, there is none now covered by pension legislation.

These figures were disclosed by a Survey of Positions in the Public Service of Illinois conducted by this Commission of 1918, supplementing a similar survey by the Commission of 1916.

Purpose of Survey to Determine Extent of Field for Pension Legislation

One of the main objects of this survey was to determine the extent of the field for pension legislation by the State. Such a survey should look not only to the immediate future, but also if possible to supplying the legislators with information for a statesmanlike view of the more remote future.

This object called first of all for complete statistics on positions in the public service now filled under any state law calling for tests of qualifications or assuring permanency of tenure during good behavior; also for statistics as to positions held subject to custom assuring such continuity in service. The Commission recognized at the outset that wherever the permanency of tenure required for the greatest efficiency in service, public or private, is found, there a superannuation problem has appeared or inevitably will appear, rendering necessary some provision for old-age retirement.

Secondly, this object called for statistics on the positions of appointive officials and employes, even though such positions are filled on a political basis. In this the Commission recognized the general trend of legislation in Illinois and other states toward the extension of the merit system in the public service through the enactment of civil service laws, providing for classification of positions according to duties, competitive examinations for appointment, and continuity in service during good behavior and efficiency. It recognized that in view of this trend, the appointive positions may ultimately all be put on a basis involving permanency of tenure instead of turnover with every political turnover.

Why Statistics on Elective Officers Are Included

In the third place, the object of discovering the scope of the field for pension legislation called for statistics on elective offices—state, county and municipal. These were gathered with the idea that as

a result of the consolidation tendency and the short-ballot movement, at a time of a prospective convention for the revision of the constitution of the State, many of these elective offices whose occupants perform only routine or expert non-policy-making duties will probably be put on an appointive basis under a plan involving permanency of tenure. The Commission recognizes the tendency toward acceptance of the principle that policy-making offices only should be elective offices and that all of the offices and positions calling solely for ministerial services, whether expert or routine, should offer the same opportunities for life careers that corresponding positions in the service of large private organizations now hold out.

Moreover, there is something to be said as to elective officers, re-elected for so many succeeding terms that they virtually give their working-lives to the public service. Indeed, the Commission has received a communication on this score from one of the judges representing other judges of courts of record. This called attention to pension systems of churches for their ministers, of industrial corporations, railway companies, and banks, for their officers and employes, of cities for policemen and firemen, and of the law of the United States Government, enacted half a century ago, which provided that when a judge of the federal court, aften ten years in such court, had reached the age of 70, he could retire on full salary for the remainder of his life.

Judges Cite Pensions for Others as Showing Public Policy

The communication submitted these cases as indicating the general public policy in this country. It then asked: "Is there any reason why this policy should not extend to the judges of the courts of record in the great State of Illinois whom the citizens have elected, and who have * * * during long periods rendered such faithful and full service that the citizens themselves have time and again re-elected them?"

This communication stated that a bill providing for pensions for the judges had been passed by the Senate at the last session of the General Assembly, but had failed to pass the House.

The Commission did not feel that the subject of pensions for the judges called for immediate consideration in connection with the development of a standard plan for an annuity and insurance system for the rank and file of the public employes. This is so even though judges are more commonly re-elected for successive terms than are other officers. But the petition on behalf of the judges is cited as an indication of the reasons for including in the survey on the extent of

the field for possible future pension legislation statistics on the number of elective offices.

Townships and Cities or Villages Under 1,000 Eliminated

Eighty-five of the counties of Illinois are under township organization while seventeen are not under township organization. Whether or not to have statistics gathered on the township employes as such, was a matter considered by the Commission in adopting its plan for the survey.

Similarly the question of gathering figures on the number of officers and employes in the cities and villages of less than 1,000 in population was considered.

The relation of employer and employe in the service of the townships, and cities or villages of less than 1,000 is largely personal in its nature, as contrasted with the impersonal character of the relationship between employer and employe in the larger services, especially those of the metropolitan service in Chicago or the service in the State institutions and departments. Furthermore, there are frequent turnovers in these positions on a political basis. Most township employes and officials are employed on a part-time basis.

Finally the services of the townships, and cities or villages of less than 1,000, are made up of such small and scattered groups of employes that it would be extremely difficult to join them together satisfactorily either to the persons concerned or for administrative purposes under a pension system.

For these reasons the Commission decided not to include the positions of the townships and the cities or villages of less than 1,000 in the survey. The Commission suggests that it may be desirable, however, to consider at least some of them again after the State has had experience with the equalization features of the proposed Standard Plan, designed to replace immediately the existing pension laws, for public school teachers, the state institution teachers, the policemen and the firemen of cities of 5,000 and over, and the various groups of employes in the public service of Chicago, the policemen of the three large park systems in Chicago, and the civil service employes of Cook County.

Figures Given in 1916 Report Are Used as Basis of Survey

The starting point for the survey was the figures in Chapter VII of the report of the Illinois Pension Laws Commission of 1916 (page 200), in which were given, as that report says, "tables tending to show the extent of present and possible future pension legislation for public service employes in this State."

The present Commission found several good reasons why it should work on the basis of the 1916 statistics as to numbers of positions, in so far as they were gathered. One of the main reasons was found in the fact that employment conditions in the public sercice as well as in other services were more nearly normal in 1916 than they were in 1918 in view of the effects of war needs as they have developed. In 1918, prior to the signing of the armistice, some branches of the public service were undermanned, and in all branches there was an unusually large proportion of temporary employes, many of whom were occupying positions belonging to employes who were absent on account of their service as soldiers, sailors, Red Cross nurses, and in other capacities either directly or indirectly related to military service.

On these accounts it was thought that 1916 statistics would be a better guide to the future than the statistics on conditions as of 1918.

Another reason, of course, was the avoidance of duplication of effort where that could be done.

Still another reason for using the 1916 statistical figures is that the tables on length of service and salaries, supplementing the tables on mere numbers of employes, were worked out in the 1916 report, and it was thought that it would prevent confusion to stick to those figures in so far as possible both in making specific references to the former report, and in the general discussions of the 1918-19 report.

Thanks to City, County, and State Officials for Replies to Questions

The method followed by the Commission in gathering supplementary statistics was that of sending out circular letters containing sets of questions and also special letters on specific points addressed to public officials. The questionnaires were sent to county clerks, city and village clerks, chiefs of police departments, chiefs of fire departments, and to other officials.

The statistics in this chapter were compiled on the basis of information from these sources. The figures in the actuarial chapters were compiled on the basis of questionnaires filled out by individual employes. This accounts for any discrepancies in the totals.

The Commission wishes to record its thanks to these public officers for their co-operation in the gathering of information for this survey.

Employes Appointed Under Five Civil Service Acts

Appointments on the basis of merit proved in open, competitive examinations and for tenure during good behavior and efficiency, are provided in four important civil service laws in the statutes of Illi-

nois and a fifth law not known as a civil service law but, nevertheless, containing civil service provisions. These are:

1. The State Civil Service Law, applying to positions directly in the service of the State, in its departments, and its institutions.

2. The County Civil Service Law, applying to about one-third of the employes in the service of Cook County.

3. The City Civil Service Act, applying not only to policemen and firemen, but also to other classes of employes of the City of Chicago, which adopted the act by referendum vote in 1895, and the employes of the following five cities, which adopted the act by referendum votes in the years given: Evanston, 1897; Rockford, 1903; Champaign, 1906; Springfield, 1907; Waukegan, 1910.

4. The Park Civil Service Law, applying both to policemen and all other employes of the three large park systems; namely, Lincoln Park, West Chicago parks, and South Chicago parks in Chicago.

5. The so-called Fire and Police Commissioners' Act, applying only to the firemen and the policemen in the following twelve cities, which adopted the same by referendum votes in the years indicated: Aurora, 1903; Elgin, 1903; Rockford, 1903; Waukegan, 1906; Joliet, 1907; Evanston, 1908; East St. Louis, 1909; Peoria, 1910; Springfield, 1910; Spring Valley, 1911; Freeport, 1913; Champaign, 1918.

It will be noted that both the City Civil Service Act and the Fire and Police Commissioners' Act have been adopted by the following five cities: Champaign, Evanston, Rockford, Springfield, and Waukegan. In these five cities there are a total of 196 paid firemen and 148 policemen. These are included in the 480 paid firemen and 433 policemen in the twelve cities under the Fire and Police Commissioners' Act.

Provide for Service During Good Behavior and Efficiency

All of the five acts listed above provide for commissions to conduct open, competitive examinations of applicants for the positions and the departments concerned are required to make appointments from the eligible lists established by the commissioners. All of them provide for removal only for cause and all of them safe-guard removals, the City Civil Service Act, the Park Civil Service Act, and the Fire and Police Commissioners' Act giving the right of hearing in all cases, and the State and County acts having somewhat weaker provisions in reference to this matter; but on a foundation of fitness at entrance, all of these laws contemplate continuance in service so long as efficiency lasts.

Moreover, the Commission Form of Government Act in force in many cities in Illinois, expressly provides that nothing therein contained shall repeal either the Civil Service Act or the Fire and Police Commissioners' Act in force in any city, or prevent any city from adopting either the City Civil Service Act or the Fire and Police Commissioners' Act. While the Commission Form of Government Act gives the commissioners as the heads of departments wide powers of removal where neither the Civil Service Act nor the Fire and Police Commissioners' Act is in force, still the Commission Form of Government Act specifies that removal shall be made when the employes are not efficient, and seems also to contemplate, though without expressly providing for it, tenure during good behavior and efficiency.

All Teachers Must Hold Certificates of Qualifications

All public school teachers in Illinois must hold certificates of qualifications secured on the basis of examination under laws which either imply that they will continue in the teaching profession or else specifically provide for their permanence of tenure. The latter is the case with the Chicago public school teachers.

The law on certification of the qualifications as to teachers as a prerequisite for appointment, is very broad and strong. It provides that "no one shall be authorized or employed to teach in the common schools of the State or shall receive for teaching any part of any school fund who is not of good character and who does not, at the time he enters upon his duties, hold a certificate of qualifications covering the entire period of his employment and granted by the Superintendent of Public Instruction, a county superintendent, or in a city having a population exceeding 100,000 inhabitants, by the Board of Education."

The school laws provide for appointment of teachers by boards of directors and boards of education in the several school districts.

Certificates Imply Continuity in Teaching Profession

In all districts except Chicago, the appointments are on the basis of year to year contracts, but only teachers holding certificates, issued with an implication of continuity in the teaching profession, can be employed.

The county certificates issued by county superintendents of schools after examinations conducted by a state board, are—among others—as follows: A third grade elementary certificate valid for one year; a second grade elementary certificate valid for two years; a third grade elementary certificate valid for three years; and a high-school certi-

ficate valid for three years. The latter three are "renewable indefinitely." Although they are primarily valid only in the county of issuance, they can be indorsed for use in other counties.

The state certificates are granted primarily by the Superintendent of Public Instruction, and bring out more clearly the idea of a life service in the teaching profession. These certificates are: First, a four year elementary school certificate; second, a four year high-school certificate; third, a four year supervisory certificate; and finally, a "life certificate." The provision for the latter is that a four year state certificate, of any of these classes, at the time of its expiration, shall, upon evidence of successful teaching or supervision satisfactory to the State Superintendent of Public Instruction, "become valid and be indorsed for life."

As to removal, the boards of directors and the boards of education have almost unrestricted powers to dismiss and remove any teacher whenever, in their opinion, he is not qualified to teach, or whenever, in their opinion, the interests of the school may require it.

Express Provision for Permanency for Chicago Teachers

For teachers of Chicago—cities of over 100,000—the statute regulating the power of the Board of Education both as to appointments and removals provides not only for the idea of continuity in the teaching profession but explicitly for permanence of tenure in the Chicago public school system. It calls for a board of examiners to conduct examinations and prepare eligible lists for teachers and says "appointments and promotions of teachers, principals, and other educational employes shall be made for merit only, and after satisfactory service for a probationary period of three years * * *, appointments of teachers and principals shall become permanent * * *." During the probationary period the board may dismiss or discharge any probationary employe, upon a recommendation accompanied by the written reasons therefor, of the superintendent of schools. The permanency of tenure is subject to the rules of the board concerning conduct and efficiency, and subject to removal for cause in the manner provided for in another section of the school law.

This other section specifies that no teacher or principal appointed by a board of education shall, after the probationary period of three years, "be removed except for cause, and then only by a vote of not less than a majority of all members of the board, upon written charges presented by the superintendent of schools, to be heard by the board, or a duly authorized committee of the same, after thirty days' notice, with copy of the charges, is served upon the person against whom

they are preferred, who shall have the privilege of being present, together with counsel, offering evidence and making defense thereto. At the request of any party, such hearing shall be public. The action and decision of the board in the matter shall be final."

The inclusion of this section limiting removals in the sections on the Chicago teachers' pension fund is a recognition of the importance of provision for permanence of tenure in the service.

Tendency Regarding Appointive Officials Is Recognized

The official is defined in Webster's dictionary as an employe having supervisory duties. The definition is in the following words: "A person invested with an office, especially one having subordinate administrative or executive powers in a government or public institution."

Under various statutes in Illinois there is a large number of such appointive officials who are exempt from the civil service laws. Their appointments, as a rule, run for fixed terms.

Besides this, there is a long list of employes in so-called exempt positions. In many cases these are positions calling for clerical or other routine service similar to the great majority of those that are under the civil service laws.

With the modern development of civil service examinations for the higher class administrative positions and the general tendency toward comprehensive civil service for the subordinate positions in the public service, it is to be expected that as the years go by many of these positions of appointive officials for fixed terms and appointive employes for terms of one year or less, will be put under the laws regulating appointment on the basis of competitive examination of qualifications and tenure during good behavior and efficiency.

Under the constitution and statutes there is a large number of elective officers for the State, its counties and municipalities.

General Table Shows Positions on Basis of Tenure

The following general table shows the statistics on appointive officials and employes classified as to the various tenure acts or lack of the same, and also statistics on the elective officers. These statistics are sub-divided by governmental jurisdictions under the headings of Metropolitan, or chiefly in Chicago, and State-wide, or chiefly outside of Chicago.

TABLE I

PUBLIC EMPLOYES, OFFICIALS, AND OFFICERS OF ILLINOIS CLASSIFIED AS TO TENURE AND STATUS UNDER PRESENT PENSION LAWS

	Appointive Officials and Employes						Elective Officers
	Under Civil Service Acts		Under Teachers' Acts	Under Fire and Police Commissioners' Act	Not Under Permanent Tenure Acts		Under Limited Tenure Acts
	Covered by Pension Legislation	Not Covered by Pension Legislation	Covered by Pension Legislation	Covered by Pension Legislation	Covered by Pension Legislation	Not Covered by Pension Legislation	Not Covered by Pension Legislation
Metropolitan—(Chiefly Within Chicago):							
City of Chicago	19,224	....	....	....	....	617	105
Public Schools	407	....	8,269	....	....	24	....
Sanitary District	....	....	....	....	....	700	9
West Park System	124	912	....	....	....	12	....
South Park System	187	1,219	....	....	....	10	....
Lincoln Park System	62	659	....	....	....	11	....
Cook County	1,248	....	....	....	....	2,039	43
Metropolitan Totals	21,252	2,790	8,269	....	....	3,413	157
Statewide—(Chiefly Outside Chicago):							
State of Illinois	336	5,173*	....	....	....	716	295
School Districts	....	....	26,437	....	....	**	**
Cities of 5,000 to 200,000	344†	600	....	569††	1,152	2,203	782
Municipalities of 1,000 to 5,000	....	....	....	....	....	2,403	2,675
Counties of Less Than 200,000	....	....	....	....	....	1,802	1,227
Statewide Totals	680	5,773	26,437	569††	1,152	7,124	4,979
Metropolitan and Statewide Totals	21,932	8,563	34,706	569††	1,152	10,537	5,136

Total Covered by Pension Legislation—58,359.
Total Appointive Officials and Employes Under Permanent Tenure Legislation—66,922.
Total Appointive Officials and Employes—77,459.
Grand Total Public Employes, Appointive Officials and Elective Officers—82,595†††.

* Includes certain part time employes not considered in Table VIII on Institution Teachers and other State of Illinois civil service employes.

**Figures on elective and appointive officers of school boards not secured.

† Policemen and firemen under civil service act for cities.

††Excludes 196 firemen and 148 policemen who are also under the civil service act for cities.

†††Exclusive of 4,820 volunteer firemen.

Seventy-two Cities Should Have Pension Funds for Firemen and Policemen

In its survey the Commission paid special attention to the situation regarding firemen's pension funds and policemen's pension funds in cities outside of Chicago. There are seventy-two cities in Illinois exclusive of Chicago each having a population of 5000 up to 100,000. Under existing state laws each of these cities not only is empowered but is required to have a pension fund for its firemen and a pension fund for its policemen. This is so even though 579 of the paid fire-

men and 573 of the policemen in 59 of these cities are not appointed under the permanent tenure acts—either the Fire and Police Commissioners' Act or the City Civil Service Act, but have implied permanency of tenure only through custom. The 59 cities of over 5000 in which neither the Fire and Police Commissioners' Act nor the City Civil Service Act is in force are shown in Table V in this chapter.

Only 22 cities out of the 72 have established pension funds for their firemen, and only 18 of the 22 have levied taxes for firemen's funds; only 19 of these cities have established pension funds for their policemen, and of the 19 only 15 have levied taxes for policemen's funds. These figures are the result of very thorough work in gathering information by means of form letters, personal follow-up letters and telegrams. They are rather striking by reason of the fact that since 1917 every one of these cities had been required by law not only to establish both firemen's and policemen's pension funds but also to levy taxes for them.

Earlier Laws Required Police and Fire Funds

Furthermore, by earlier legislation than that of 1917 many of these cities had for many years been required to provide for pensions for their policemen and firemen. Since as far back as 1887, there has been a policemen's pension law for cities of over 9000 inhabitants. It was in 1917 that cities of from 5000 to 9000 were included under the requirements to establish policemen's pension funds. Likewise, since 1887 cities of over 50,000 have been under a state law calling for firemen's pension funds; and for the ten years prior to 1917, namely, since 1907, cities of 5,000 and over have been under a mandatory law providing for the establishment of firemen's pension funds.

The following table shows the cities of 5,000 to 100,000, which have complied with the law on firemen's and policemen's pension funds or either of such funds:

TABLE II

FIREMEN'S AND POLICEMEN'S PENSION FUNDS IN OPERATION IN MUNICIPALITIES OUTSIDE OF CHICAGO

(Information Chiefly from City Clerks)

Municipality	Firemen's Fund	Tax Levied for Firemen's Pension Fund	Number of Paid Firemen	Policemen's Pension Fund	Tax Levied for Policemen's Pension Fund	Number of Policemen
Aurora	Yes	Yes	31	Yes	Yes	38
Bloomington	Yes	Yes	30	Yes	Yes	28
Blue Island	No	No	5*	Yes	Yes	10
Canton	Yes	No	7	No	No	4†
Champaign	Yes	Yes	9	No	No	10†
Chicago Heights	No	No	19*	Yes	Yes	21
Decatur	Yes	No	39	Yes	Yes	32

TABLE II—CONTINUED

FIREMEN'S AND POLICEMEN'S PENSION FUNDS IN OPERATION IN MUNICIPALITIES OUTSIDE OF CHICAGO

(Information Chiefly from City Clerks)

Municipality	Firemen's Fund	Tax Levied for Firemen's Pension Fund	Number of Paid Firemen	Policemen's Pension Fund	Tax Levied for Policemen's Pension Fund	Number of Policemen
De Kalb	Yes	No	7	Yes	No	5
E. St. Louis	Yes	Yes	82	Yes	Yes	85
Elgin	Yes	Yes	27	Yes	Yes	21
Evanston	Yes	Yes	30	Yes	Yes	32
Freeport	Yes	Yes	21	No	No	13†
Joliet	Yes	Yes	27	Yes	No	26
Kankakee	Yes	Yes	12	Yes	Yes	13
Moline	Yes	Yes	15	No	Yes	21†
Oak Park	Yes	Yes	24	Yes	Yes	25
Peoria	Yes	Yes	85	Yes	No	85
Quincy	Yes	Yes	50	Yes	Yes	39
Rock Island	Yes	Yes	27	Yes	Yes	18
Rockford	Yes	Yes	67	Yes	Yes	45
Springfield	Yes	No	77	Yes	No	49
Taylorville	Yes	Yes	2	Yes	...	3
Urbana	Yes	Yes	6	No	No	4†
Waukegan	Yes	Yes	13	Yes	Yes	12
24 Cities	Yes 22	Yes 18	712*	Yes 19	Yes 15	639†

* 24 in Blue Island and Chicago Heights reporting firemen's pension funds not established.

† 52 in Canton, Champaign, Freeport, Moline and Urbana reporting policemen's pension funds not established.

Cities Failing to Comply With Pension Laws

Fifty cities have not complied with the law to establish firemen's pension funds. These cities and the numbers in their paid fire departments are shown in the following table:

TABLE III

MUNICIPALITIES OF OVER 5,000 IN POPULATION IN WHICH FIREMEN'S FUNDS REQUIRED BY LAW HAVE NOT BEEN ESTABLISHED

Municipality	Number of Paid Firemen	Municipality	Number of Paid Firemen
Alton	23	La Grange	0
Beardstown	1	LaSalle	25
Belleville	17	Lincoln	5
Belvidere	8	Litchfield	2
Berwyn	4	Macomb	8
Blue Island	5	Madison	1
Cairo	21	Marion	2
Carbondale	—	Mattoon	8
Centralia	1	Maywood	7
Charleston	2	Monmouth	4
Chicago Heights	19	Mt. Carmel	1
Cicero	56	Mt. Vernon	6
Clinton	3	Murphysboro	3
Collinsville	2	Olney	0
Danville	31	Ottawa	5
Dixon	5	Pana	—
Duquoin	0	Paris	5
Edwardsville	2	Pekin	4
Forest Park	2	Peru	12
Galesburg	15	Pontiac	11
Granite City	6	Spring Valley	1
Harrisburg	0	Staunton	0
Harvey	4	Sterling	5
Herrin	2	Streator	10
Jacksonville	11		
Kewanee	6		

Totals, 50 Cities, 371 Paid Firemen.

Fifty-three cities have failed to comply with the requirement of establishing pension funds for their policemen. These cities and the numbers of men in their police departments are shown in the following table:

TABLE IV

MUNICIPALITIES OF OVER 5,000 IN POPULATION IN WHICH POLICEMEN'S PENSION FUNDS REQUIRED BY LAW HAVE NOT BEEN ESTABLISHED

Municipality	Number of Policemen	Municipality	Number of Policemen
Alton	18	LaSalle	10
Beardstown	5	Lincoln	6
Belleville	16	Litchfield	2
Belvidere	6	Macomb	3
Berwyn	5	Madison	8
Cairo	20	Marion	3
Canton	4	Mattoon	8
Carbondale	2	Maywood	3
Centralia	6	Moline	21
Champaign	10	Monmouth	7
Charleston	4	Mt. Carmel	2
Cicero	50	Mt. Vernon	4
Clinton	2	Murphysboro	6
Collinsville	7	Olney	2
Danville	22	Ottawa	9
Dixon	5	Pana	2
Duquoin	3	Paris	4
Edwardsville	5	Pekin	7
Forest Park	14	Peru	7
Freeport	13	Pontiac	3
Galesburg	13	Spring Valley	3
Granite City	12	Staunton	4
Harrisburg	3	Sterling	5
Harvey	4	Streator	14
Herrin	5	Urbana	4
Jacksonville	10		
Kewanee	5	53 Cities	419
LaGrange	3		

The foregoing information is assembled in the following table for the whole list of 72 cities:

TABLE V

SEVENTY-TWO CITIES UNDER MANDATORY LAWS FOR POLICEMEN'S AND FIREMEN'S PENSION FUNDS

City	Population	Fire and Police Commission	Civil Service Commission	Paid Firemen	Firemen's Pension Fund	Tax Levy Firemen's Fund	Policemen	Policemen's Pension Fund	Tax Levy Policemen's Fund
Alton	17,528	No	No	23	No	No	18	No	No
Aurora	29,807	1903	No	31	Yes	Yes	38	Yes	Yes
Beardstown	6,107	No	No	1	No	No	5	No	No
Belleville	21,122	No	No	17	No	No	16	No	No
Belvidere	7,253	No	No	8	No	No	6	No	No
Berwyn	5,841	No	No	4	No	No	5	No	No
Bloomington	25,768	No	No	30	Yes	Yes	28	Yes	Yes
Blue Island	8,043	..	No	5	No	No	10	Yes	Yes
Cairo	14,548	No	No	21	No	No	20	No	No
Canton	10,453	No	No	7	Yes	No	4	No	No
Carbondale	5,411	No	No	..	No	No	2	No	No
Centralia	9,680	No	No	1	No	No	6	No	No
Champaign	12,421	1918	1906	9	Yes	Yes	10	No	No
Charleston	5,884	No	No	2	No	No	4	No	No
Chicago Heights	14,524	No	No	19	No	No	21	Yes	Yes
Cicero	14,557	No	No	56	No	No	50	No	No
Clinton	5,165	No	No	3	No	No	2	No	No
Collinsville	7,478	No	No	2	No	No	7	No	No
Danville	27,871	No	No	31	No	..	22	No	..
Decatur	31,140	No	No	39	Yes	No	32	Yes	Yes

TABLE V—CONTINUED

SEVENTY-TWO CITIES UNDER MANDATORY LAWS FOR POLICEMEN'S AND FIREMEN'S PENSION FUNDS

City	Population	Fire and Police Commission	Civil Service Commission	Paid Firemen	Firemen's Pension Fund	Tax Levy Firemen's Fund	Policemen	Policemen's Pension Fund	Tax Levy Policemen's Fund
DeKalb	8,102	No	No	7	Yes	No	5	Yes	No
Dixon	7,216	No	No	5	No	No	5	No	No
Duquoin	5,454	No	No	0	No	No	3	No	No
E. St. Louis	58,547	1909	No	82	Yes	Yes	85	Yes	Yes
Edwardsville	5,014	No	No	2	No	No	5	No	No
Elgin	25,976	1903	No	27	Yes	Yes	21	Yes	Yes
Evanston	24,978	1908	1897	30	Yes	Yes	32	Yes	Yes
Forest Park	6,594	No	No	2	No	No	14	No	No
Freeport	17,567	1913	No	21	Yes	Yes	13	No	No
Galesburg	22,089	No	No	15	No	No	13	No	No
Granite City	9,903	No	No	6	No	No	12	No	No
Harrisburg	5,309	No	No	0	No	No	3	No	No
Harvey	7,227	No	No	4	No	No	4	No	No
Herrin	6,861	No	No	2	No	No	5	No	No
Jacksonville	15,326	No	No	11	No	No	10	No	No
Joliet	34,670	1907	No	27	Yes	Yes	26	Yes	No
Kankakee	13,986	No	No	12	Yes	Yes	13	Yes	Yes
Kewanee	9,307	No	No	6	No	No	5	No	No
La Grange	5,282	No	No	0	No	No	3	No	No
La Salle	11,537	No	No	25	No	No	10	No	No
Lincoln	10,892	No	No	5	No	No	6	No	No
Litchfield	5,971	No	No	2	No	No	2	No	No
Macomb	5,774	No	No	8	No	No	3	No	No
Madison	5,046	No	No	1	No	No	8	No	No
Marion	7,093	No	No	2	No	No	3	No	No
Mattoon	11,456	No	No	8	No	No	8	No	No
Maywood	8,033	No	No	7	No	No	8	No	No
Moline	24,199	No	No	15	Yes	Yes	21	No	Yes
Monmouth	9,128	No	No	4	No	No	7	No	No
Mt. Carmel	6,934	No	No	1	No	No	2	No	No
Mt. Vernon	8,007	No	No	6	No	No	4	No	No
Murphysboro	7,485	No	No	3	No	No	6	No	No
Oak Park	19,444	No	No	24	Yes	Yes	25	Yes	Yes
Olney	5,011	No	No	0	No	No	2	No	No
Ottawa	9,535	No	No	5	No	No	9	No	No
Pana	6,055	No	No	..	No	No	2	No	No
Paris	7,664	No	No	5	No	No	4	No	No
Pekin	9,897	No	No	4	No	No	7	No	No
Peoria	66,950	1910	No	85	Yes	Yes	85	Yes	No
Peru	7,984	No	No	12	No	No	7	No	No
Pontiac	6,090	No	No	11	No	No	3	No	No
Quincy	36,587	..	No	50	Yes	Yes	39	Yes	Yes
Rock Island	24,335	No	No	27	Yes	Yes	18	Yes	Yes
Rockford	45,401	1903	1903	67	Yes	Yes	45	Yes	Yes
Spring Valley	7,035	1911	No	1	No	No	3	No	No
Springfield	51,678	1910	1907	77	Yes	No	49	Yes	No
Staunton	5,048	No	No	0	No	No	4	No	No
Sterling	7,467	No	No	5	No	No	5	No	No
Streator	14,253	1910	No	10	No	No	14	No	No
Taylorville	5,446	No	No	2	Yes	Yes	3	Yes	..
Urbana	8,245	..	..	6	Yes	Yes	4	No	No
Waukegan	16,069	1906F 1916P	1910	13	Yes	Yes	12	Yes	Yes
Totals		13 Yes	5 Yes	1059	22 Yes	18 Yes	1006	19 Yes	15 Yes

Supreme Court Sustains Mandatory Law

These failures have not been due to any invalidity in the laws. This was shown in the Quincy case, decided by the Supreme Court of Illinois in 1916. In that city the municipal authorities refused to make provision for a policemen's pension fund. Two veteran mem-

bers of the police force eligible for pensions brought suit against the city for their pensions. The case was that of the People ex rel v. Abbott. The city contested the suit. It went to the Supreme Court of the State. All the questions involved were submitted and considered. The Court sustained the act, and ordered the city to pay the pensions.

Small City Force Not Large Enough for a Sound Fund

There is, however, a very good and practical reason why these cities have failed to observe the law to provide for pensions for their policemen and firemen. It is that the number of men in either the fire department or the police department is too small standing alone to afford a basis for establishing a sound pension fund. Each of these forces is many times too small for the law of averages as to expectation of life to be applied to it. The force in each case is so small that all its members going on a pension roll, for example at age 55, might live far beyond the 17½ years which is the average additional duration of life for persons arriving at that age, and the average period for which a retirement annuity must be financed.

At the public hearings held by the Commission, spokesmen for some of the cities of from 5,000 to 100,000, where policemen's funds have been established, said that their funds were not in such shape as to permit the retirement on pension of men eligible to retire.

Consolidation of Small Funds Is Proposed

For these reasons the Commission is recommending that all of the firemen's funds called for in the 72 cities of over 5,000 outside of Chicago be consolidated in a statewide firemen's pension fund under the proposed Standard Plan, that likewise all of the policemen's funds called for in these cities be consolidated in a statewide policemen's pension fund, and that these two statewide funds be linked through a central state board of pension trustees to an equalization fund designed to take care of variations from the average in the risks for all of the pension funds in the State—both those in Chicago and the statewide funds.

All of this is explained more fully in the actuarial chapter on consolidation of small funds, for which chapter there were gathered in the survey detailed figures from these cities on the policemen and the firemen, their ages, salary experiences and many other subjects needed for the work of the actuary.

Volunteer Firemen and Provision for Disability

There is a wide demand in the State that some public provision be required by law for volunteer firemen disabled in the performance of duty—going to fires, at fires or on the return from fires. As shown in the table at the end of this chapter there are 4,807 volunteer firemen in the cities of 1,000 to 100,000. The demand made on their behalf contemplates allowances to the disabled fireman while unable to work at the occupation by which he earns his living, and also allowances to his dependents in case of death, or disability resulting in death, due to the performance of duty.

The Commission has received a petition on this subject from the Illinois Firemen's Association, and letters from fire departments in very many small municipalities. The Commission has given the subject such consideration as the demands on its time for its major work have permitted, but was not able to collect sufficient data on disabilities among volunteer firemen to afford actuarial calculations and conclusions such as would be required for providing for disability benefits for volunteer firemen on a sound basis. The Commission has concluded therefore that it cannot recommend such provision in the proposed Standard Plan. The Commission, however, is of the opinion that the hazards of disability and death which the volunteer firemen have to face deserve consideration by the General Assembly.

Employes Other Than Policemen and Firemen in Downstate Cities

Statistics on employes other than policemen and firemen, and so-called appointive officials, in cities and villages of 5,000 to 100,000 were gathered by the Commission. Not all of the cities replied to the questions on such employes, as shown by the blanks in Table XIV at the end of this chapter. But most of them did. The information gathered shows 2,022 such employes in these cities. Of this number only 600, being the total for five cities, are appointed under the civil service law. These are shown in Table VI as follows:

TABLE VI

CITIES OF FROM 5,000 to 100,000 IN POPULATION WHICH HAVE ADOPTED THE CIVIL SERVICE ACT OF 1895 AND THE NUMBER OF EMPLOYES OTHER THAN FIREMEN AND POLICEMEN IN SUCH CITIES.

City	Number of Employes
Champaign	14
Evanston	200
Rockford	118
Springfield	218
Waukegan	50
5 Cities	600

It was found that 1,422 employes other than policemen and firemen, in addition to 866 appointive officials, are not appointed under

any law or custom assuring permanency of tenure or long-continued service. That there is some demand for pensions for employes other than policemen and firemen in such of these cities as already have policemen's and firemen's pension funds was indicated by an inquiry by the corporation counsel of one of these cities at the public hearings held by the Commission. It is the opinion of the Commission, however, that a prerequisite to providing for pensions is a provision of law or a custom assuring continuity in service.

It is of course true that under the refund provisions of the proposed Standard Plan employes in service only a few years through appointment other than under a permanent tenure act could be required to contribute toward a pension system without injustice, but we do not think that the public favors pensions for employes whose tenure is not on a permanent basis and who are not likely to give what amounts to a working-lifetime of service to the public.

The statistics on the employes other than policemen and firemen in the cities of 5,000 to 100,000 outside of Chicago are shown in Table VII as follows:

TABLE VII

EMPLOYES OTHER THAN POLICEMEN, FIREMEN AND APPOINTIVE OFFICIALS IN CITIES OF 5,000 TO 100,000.

City	Employes
Alton	6
Aurora	250
Beardstown	—
Belleville	25
Belvidere	—
Berwyn	15
Bloomington	48
Blue Island	15
Cairo	26
Canton	—
Carbondale	2
Centralia	12
Champaign	14
Charleston	10
Chicago Heights	—
Cicero	130
Clinton	10
Collinsville	15
Danville	—
Decatur	30
DeKalb	10
Dixon	2
Duquoin	0
East St Louis	—
Edwardsville	20
Elgin	63
Evanston	200
Forest Park	15
Freeport	3
Galesburg	84
Granite City	—
Harrisburg	2
Harvey	3
Herrin	—
Jacksonville	28
Joliet	140
Kankakee	20
Kewanee	40
LaGrange	4
LaSalle	25
Lincoln	14
Litchfield	—
Macomb	—
Madison	3
Marion	—
Mattoon	8
Maywood	9
Moline	52
Monmouth	14
Mt. Carmel	1
Mt. Vernon	13
Murphysboro	6
Oak Park	—
Olney	—
Ottawa	7
Pana	—
Paris	3
Pekin	6
Peoria	90
Peru	6
Pontiac	3
Quincy	40
Rock Island	60
Rockford	118
Spring Valley	0
Springfield	218
Staunton	9
Sterling	25
Taylorville	—
Urbana	—
Waukegan	50
Total	2,022

State Institution Teachers and Other State Employes

The only employes directly in the service of the State who now have a pension fund are the teachers in the State institutions—the charitable and reformatory institutions, and the educational institutions excepting the University of Illinois. For them the State Institution Teachers' Pension and Retirement Fund was established by a law passed in 1917. Although their fund is administered by the same trustees as is the general State Teachers' Pension and Retirement Fund the institution teachers were not included in the latter fund because the moneys for their salaries and for the State's contributions toward their pensions are derived from State appropriations from the general revenues, whereas the money for the teachers in the public schools comes from the State school fund.

It would seem that when State employes other than the institution teachers, namely the other employes in the charitable and reformatory institutions of the Department of Public Welfare, and the clerical and other employes of all the other departments are brought under a pension fund, it should be through a grouping with the State institution teachers. The Commission received a letter from the Director of the Department of Public Welfare quoting officers of his department as being of the opinion that it would promote the efficiency of the department to have all of its employes given the benefit of a pension system.

For All State Employes in One Fund

The Commission recommends that whenever the proposal for a pension system for all the State institutions and department employes is pressed aggressively, they be brought under the proposed Standard Plan through a merger with the State Institutions Teachers' Fund.

In its survey the Commission gathered 1918 data on the Institution Teachers' Fund, most of which has been used in another chapter on the actuarial situation as to that fund.

As to statistics on others in the State service the Commission recast the figures of the report of the Pension Laws Commission of 1916, written when employment conditions in the State service were more nearly normal. The following table gives the statistics on the State Institution Teachers and other State employes.

TABLE VIII

INSTITUTIONS' TEACHERS AND OTHER STATE OF ILLINOIS CIVIL SERVICE EMPLOYES.

Normal Schools Listed with Departments in 1916	234	
Institutions Listed with Institutions in 1916	102	
		336
Department Employes Other than Institutions' Teachers	962	
Institutions' Employes Other than Institutions' Teachers	3963	4925
Total		5261

Peoria Teachers and State Teachers Funds

There are in the Peoria public school system 437 teachers. This was the number shown in the report of the Illinois Pension Laws Commission of 1916, dealing with the separate pension fund of the Peoria teachers established under a law for school districts of from 10,000 to 100,000 in population. This number of employes is too small standing alone for the establishment of a sound pension fund according to actuarial principles. The condition of the Peoria teachers' fund is discussed in another chapter of this report.

The Commission's recommendation is that under the Standard Plan the Peoria teachers' fund be merged with the State Teachers' Pension and Retirement Fund, all equities involved, of course, to be duly safeguarded.

It appears that hitherto the Peoria teachers have opposed being merged into the State Teachers' Pension and Retirement Fund because of a recognition on their part that while their own fund is comparatively small the present law for the State Teachers' Pension and Retirement Fund does not make adequate provision for ultimate payment of the pensions it promises to the present generation of teachers.

Statistics on the State Teachers' Pension and Retirement Fund were received by the Commission from Mr. R. O. Clarida, Secretary of its board of trustees. These were as of March 1, 1919. They show the following on number of contributors:

Elective Contributors (Approximate Number).......	1,706
Compulsory Contributors (Approximate Number)....	16,500

These figures are suggestive of comment when taken in connection with the total estimated number of public school teachers in Illinois outside of Chicago and Peoria, as derived from Federal census statistics given in the Illinois Blue Book. That estimated number is 26,000. The difference between 26,000 and 16,500, the number of compulsory contributors, is 9,500, which would appear to be the total number of teachers eligible to be elective contributors in the statewide teachers' pension fund. Since there are 1,706 elective contributors it appears that 7,794 teachers eligible to become elective contributors under the present statewide teachers' pension and retirement law have not done so.

Small Funds and Large Funds in Chicago

Besides the large pension funds in Chicago, namely those of the Municipal Employes, the Public School Teachers, the City Firemen

and the City Policemen, there are three small funds that derive part of their revenues from the City. These are the Fund of the Public School Employes other than teachers, the Public Library Employes' Fund, and the House of Correction Fund. The statistics on the number of employes in each of these groups, given below, shows that each is too small for the law of averages to apply as to mortality expectations and therefore too small for a separate pension fund if it is to be a sound and enduring fund. This point is developed in other parts of this report.

Consolidation With Municipal Fund Is Urged

In its recommendations for consolidations, the Commission strongly urges that these three funds be merged under the Standard Plan with the Municipal Employes' Fund. This could be done equitably, with the result that the employes in the three funds that are too small ever to be on a sound basis unless unreasonably large contributions of public money are appropriated for them, would be in a large fund, and that the largest of the merged funds would be made still larger and thus more readily put on a sound basis assuring permanency.

The figures on employes in the Chicago city funds, as shown by the report of the Illinois Pension Laws Commission of 1916, are as follows:

TABLE IX

EMPLOYES IN SMALL PENSION FUNDS AND LARGE PENSION FUNDS IN CHICAGO.

SMALL FUNDS—		
Public School Employes	407	
Public Library Employes	290	
House of Correction Employes	92	
		789
LARGE FUNDS—		
Municipal Employes	5003	
Public School Teachers	7754	
Policemen	4830	
Firemen	1973	19560
Total		20349

Park Services in Chicago—Present and Proposed Funds

In the three large park systems in Chicago there are a total of 3163 employes. Of the latter figure, 373 are policemen, and 2790 are other than policemen. Except for a very few in exempt positions all of these employes hold their places under the civil service law for park districts of over 150,000 population.

The distribution of these employes between the three systems, by classes of service is shown in the following table:

TABLE X
PARK SERVICES IN CHICAGO

Park System	Policemen	Civil Service Employes Other Than Policemen
West Park	124	912
South Park	187	1219
Lincoln Park	62	659
Totals	373	2790
Grand Total		3163

For Consolidating the Park Policemen's Pension Funds

Each of these park systems has a pension fund for its policemen. But as is shown in another chapter dealing with the actuarial aspects of the situation the group of policemen in each case is too small for a sound fund. The Commission therefore recommends that the three park police pension funds in Chicago be merged in one fund under the Standard Plan. Moreover, it recognizes that if as a result of the constitutional convention Chicago gets a new charter consolidating the governments of the park systems with the government of the city, the park policemen could naturally be merged with the city police department, and the park police pension funds with the city police pension funds.

Proposed Fund for Park Employes Other Than Policemen

From committees representing the park employes other than policemen, in the three large park systems of Chicago, the Commission has received petitions for assistance in bringing about the establishment of a pension system. There is a well-defined and well-organized movement among these 2,790 employes to secure such pension legislation at the present session of the General Assembly. This was brought out clearly at the special public hearing on proposed funds for park employes other than policemen, held by the Commission on March 10, 1919. Spokesmen for these employes—the West Park system, the Lincoln Park system, and the South Park system—asked that a fund for their group be included in the proposed Standard Plan as outlined and expounded at the hearing.

The Commission announced in reply that it had adopted the policy of recommending that groups of public employes not now having pension funds be included at the outset under the Standard Plan for a comprehensive system of pension funds only in case the employing bodies concerned, as well as the employes, join in a request for such action.

Within the next few days the associations of employes in the three park systems petitioned the respective boards of commissioners

constituting the employing bodies of the park systems, and those boards adopted resolutions approving the petitions of the employes. The Commission has been formally advised of these actions, such notifications having come from the clerk of the Board of West Chicago Park Commissioners, the secretary for the Commissioners of Lincoln Park, and the secretary of the South Park Commissioners.

The character of the petitions from the employes to the three park boards is shown by the following communication submitted under date of March 11, 1919:

"West Chicago Park Commissioners,
Union Park, Chicago.
Gentlemen:

"The employes of the West Parks have organized and joined hands with the South Park and Lincoln Park employes, for the purpose of having a Pension Act passed at this session of the Legislature whereby the employes may become participants.

"This cannot be accomplished without the aid and support of our employers, and as the trend of the times in public service seems to run toward pension for employes, we earnestly solicit your co-operation and support, and we do hereby request that your Honorable Body go on record at this or at your next meeting, supporting such a movement.

"Accompanying this letter is a pamphlet published by the State-Wide Pension Commission, appointed by his Honor, Governor Frank O. Lowden. This pamphlet sets forth the provisions under which the Act, to be presented to the Legislature, will be drafted by the State-Wide Commission for us.

"Awaiting your approval and support, we remain

"West Park Employes' Benefit Association."

The resolution adopted on the same day by the Board of West Chicago Park Commissioners was as follows:

"Whereas, The employes of the West Park System have sought the consent and approval of their endeavors to co-operate with the employes of the Lincoln Park and South Park Systems in obtaining the passage of a comprehensive pension act for municipal employes by the State Legislature of Illinois; therefore,

"Be It Resolved, That the Board of West Chicago Park Commissioners hereby approve of and consent to the participation of its employes in said proposed Pension Act or acts."

On March 12, 1919, the Commissioners of Lincoln Park took up the matter of pensions for park employes and "It was moved, seconded and adopted that if the West and South Park Systems approve of the passing of such a bill by the Legislature, the Commissioners of Lincoln Park will concur."

The South Park Commissioners, at a regular meeting March 19, took up for consideration "the matter of including in the proposed pension bill to be presented to the Legislature a provision to establish a pension system for the employes of the three large park systems in Chicago."

The secretary of the South Park Commissioners thereafter advised the Illinois Pension Laws Commission "that the South Park

Commissioners approve of this matter and respectfully request that such provision be included in the general pension bill."

In view of the definite character of this movement on the part of both the employing authorities and the employes in the three park systems concerned, the Commission recommends that one of the funds to be included in the proposed system of pension funds under the Standard Plan at the outset be a fund for these three groups of park employes.

In the case of such present employes there would be the same accrued liabilities on account of past services as in the case of park policemen and others having pension funds, but there would be no present pensioners to provide for; also there would be no credits for past contributions.

Counties Have Many Employes

Information on the employes, appointive officials and elective officers of the counties of the state was gathered by the Commission, in view of possible developments in the future.

The totals of the resulting figures are as follows:

TABLE XI
COUNTIES—EMPLOYES AND OFFICIALS

	Employes	Appointive Officials	Elective Officials
Counties Outside of Cook	942	860	1227
Cook County	3142	145	43
Totals	4084	1005	1270

The detailed figures on all of the counties are given in Table XII below.

At present no county as such, excepting only Cook County, of which Chicago is the county seat, has a pension fund for any county employes.

Under a state law the present civil service employes of Cook County, limited chiefly to those in the county charitable institutions and allied service, have a pension fund. This law has been attacked in the courts, but in its present form has withstood the attacks, and recently contributions in the way of deductions from salaries of employes have been made under it.

If the pending legislation for extending civil service regulations to cover virtually all of the employes of Cook County is enacted, and thus they are assured permanency of tenure the Cook County pension fund should also apply to them, so as to secure their retirement

readily when they become inefficient on account of old age. The great majority of these are in clerical service.

Following are the figures on employes and appointive officials of Cook County:

Under Civil Service	1248
Not Under Civil Service	2039
Total	3287

In the following table are given the figures in all the counties in the State exclusive of Cook County:

TABLE XII

COUNTY OFFICERS AND EMPLOYES—COOK COUNTY EXCLUDED

County	Elective Officials	Appointive Officials	Employes
Adams	10	6	7
Alexander	12	7	5
Bond	8	3	6
Boone	9	8	10
Brown	7	4	3
Bureau	9	3	12
Calhoun	12	1	0
Carroll	25	5	4
Cass	12	8	20
Champaign	9	3	21*
Christian	9	4	19
Clark	9	7	2
Clay	7	2	4
Clinton	8	3	4
Coles	8	7	6
Crawford	10	5	3
Cumberland	9	2	0
De Kalb	9	11	3
Dewitt	9	11	10
Douglas	9	8	2
Dupage	9	8	13
Edgar	10	8	—
Edwards	12	11	1
Effingham	8	8	—
Fayette	9	7	1
Ford	9	3	4
Franklin	—	1	0
Fulton	9	4	10
Gallatin	9	3	—
Greene	9	6	12
Grundy	10	5	3
Hamilton	9	2	0
Hancock	9	5	10
Hardin	10	4	1
Henderson	8	2	1
Henry	9	8	10
Iroquois	9	2	10
Jackson	9	4	12
Jasper	3	1	2
Jefferson	9	7	2
Jersey	9	9	3
Joe Daviess	9	10	2
Johnson	8	5	2
Kane	13	12	40
Kankakee	9	6	11
Kendall	9	9	0
Knox	8	2	50
LaSalle	16	18	4
Lake	9	3	48
Lawrence	17	3	7
Lee	9	3	10
Livingston	10	12	15
Logan	8	7	15

TABLE XII—CONTINUED
COUNTY OFFICERS AND EMPLOYES—COOK COUNTY EXCLUDED

County	Elective Officials	Appointive Officials	Employes
McDonough	9	8	8
McHenry	9	6	11
McLean	10	33	9
Macon	9	10	25
Macoupin	9	16	5
Madison	19	1	30
Marion	9	4	2
Marshall	9	6	2
Mason	9	1	6
Massac	53	4	—
Menard	10	14	1
Mercer	9	4	3
Monroe	12	5	1
Montgomery	8	10	11
Morgan	10	9	9
Moultrie	9	4	5
Ogle	6	6	1
Peoria	61	48	34
Perry	12	22	2
Piatt	9	8	2
Pike	9	11	20
Pope	15	4	2
Pulaski	10	2	5
Putnam	40	4	1
Randolph	12	9	4
Richland	10	5	2
Rock Island	12	5	26
St. Clair	13	9	71
Saline	85	105	9
Sangamon	15	80	10
Schuyler	9	5	2
Scott	12	3	1
Shelby	9	2	7
Stark	9	3	3
Stephenson	7	1	9
Tazewell	9	8	15
Union	12	7	—
Vermilion	14	9	27
Wabash	12	9	—
Warren	8	2	10
Washington	9	7	1
Wayne	9	6	6
White	9	3	8
Whiteside	8	3	12
Will	14	11	38
Williamson	9	3	5
Winnebago	44	13	27
Woodford	9	6	14
Totals for counties, exclusive of Cook County	1227	860	942

*—*County farm excluded.*

16,129 Officials and Employes in Downstate Cities and Villages of Over 1000

There are 363 cities and villages of 1,000 to 100,000 inhabitants, as shown in the Federal census of 1910—the cities outside of Chicago—in Illinois. These include the cities of 5,000 and over listed separately in Table V above. The Commission made diligent effort through questionnaires to get complete information from all of these 363 cities and villages on their officers, officials and employes, including volunteer firemen. Unfortunately, as shown by the blanks in the table below, it was not possible to get complete information. Also

the dividing line between employes and elective officials was difficult to trace. Information shows that these 363 cities have 3,457 elective officials, 2,219 appointive officials, 1,555 paid firemen, 4,820 volunteer firemen, 1,515 policemen and 2,563 other employes. This makes a total of 16,129.

These are divided as shown below in Table XIII:

TABLE XIII

SUMMARY OF INFORMATION ON 363 CITIES AND VILLAGES OF 1,000 AND OVER, EXCLUSIVE OF CHICAGO

	Elective Officials	Appointive Officials	Paid Firemen	Volunteer Firemen	Policemen	Other Employes
72 Cities of 5000 and over	782	866	1059	612	1006	2022
291 Municipalities of 1000 to 5000	2675	1353	496	4208	509	541
363 Municipalities of 1000 and over	3457	2219	1555	4820	1515	2563

The detail figures are as shown in Table XIV, following:

TABLE XIV

363 CITIES AND VILLAGES OF 1000 AND OVER—EXCLUSIVE OF CHICAGO—POPULATION, ELECTIVE OFFICERS, APPOINTIVE OFFICIALS, PAID FIREMEN, VOLUNTEER FIREMEN, POLICEMEN AND OTHER EMPLOYES.

City or Village	Population	Elective Officers	Appointive Officials	Paid Firemen	Volunteer Firemen	Policemen	Other Employes
Abingdon	2464	8	3	—	20	—	—
Albion	1281	11	2	0	13	1	—
Aledo	2144	11	4	—	19	2	2
Altamont	1328	6	5	—	16	—	3
Alton	17528	6	17	23	—	18	6
Amboy	1749	14	8	0	20	2	1
Anna	2809	12	4	0	8	1	—
Arcola	2100	11	7	—	—	1	—
Arlington Heights	1943	8	2	0	40	1	0
Arthur	1080	7	2	—	22	1	—
Ashland	1096	10	2	—	6	1	—
Assumption	1918	10	3	—	12	1	1
Astoria	1357	9	3	0	12	1	2
Athens	1340	9	2	—	0	1	0
Atlanta	1367	10	2	—	—	1	1
Auburn	1814	10	1	0	16	1	0
Augusta	1146	9	9	—	—	1	—
Aurora	29807	21	18	31	—	38	250
Averyville	2668	8	6	2	0	2	—
Barrington	1444	7	5	—	23	2	—
Barry	1647	10	3	0	25	1	0
Bartonville	1536	9	3	0	25	1	0
Batavia	4436	13	6	1	10	1	14
Beardstown	6107	15	18	1	10	5	—
Belleville	21122	6	10	17	—	16	25
Belvidere	7253	13	19	8	—	6	—
Bement	1530	8	4	—	—	1	—
Benld	1912	10	2	9	15	2	9
Benton	2675	5	3	0	0	2	1

TABLE XIV—CONTINUED

363 CITIES AND VILLAGES OF 1000 AND OVER—EXCLUSIVE OF CHICAGO—POPULATION, ELECTIVE OFFICERS, APPOINTIVE OFFICIALS, PAID FIREMEN, VOLUNTEER FIREMEN, POLICEMEN AND OTHER EMPLOYES.

City or Village	Population	Elective Officers	Appointive Officials	Paid Firemen	Volunteer Firemen	Policemen	Other Employes
Berwyn	5841	15	6	4	16	5	15
Bloomington	25768	8	19	30	—	28	48
Blue Island	8043	15	4	5	40	10	15
Bradley	1942	8	4	0	12	2	2
Braidwood	1958	10	5	—	10	2	—
Breese	2128	10	7	0	24	1	3
Bridgeport	2703	17	6	—	6	2	—
Brookfield	2186	8	2	0	20	1	—
Brooklyn	1569	8	9	—	10	3	—
Brookport	1443	10	1	1	3	1	1
Bunker Hill	1046	9	5	0	—	2	—
Bushnell	2619	10	4	—	15	2	—
Cairo	14548	9	8	21	—	20	26
Cambridge	1272	7	3	30	—	1	—
Camp Point	1148	18	3	0	26	0	—
Canton	10453	5	18	7	3	4	—
Carbondale	5411	6	3	—	6	2	2
Cardiff	1031	7	2	0	0	1	0
Carlinville	3616	16	8	—	12	3	1
Carlyle	1982	11	3	—	20	2	4
Carmi	2833	14	7	—	30	2	7
Carpentersville	1128	8	1	—	16	1	—
Carrier Mills	1558	9	5	0	—	1	—
Carrollton	2323	10	5	—	12	2	2
Carterville	2971	11	8	10	10	1	3
Carthage	2373	10	5	—	30	2	—
Casey	2157	11	8	0	25	2	5
Central City	1179	8	5	0	0	1	0
Centralia	9680	5	8	1	5	6	12
Champaign	12421	5	8	9	0	10	14
Charleston	5884	17	10	2	10	4	10
Chatsworth	1112	8	3	—	15	2	—
Chenoa	1314	5	5	—	6	1	1
Cherry	1048	8	3	—	20	1	2
Chester	2747	11	8	—	22	1	—
Chicago Heights	14524	19	12	19	—	21	—
Chillicothe	1851	10	4	6	—	2	2
Chrisman	1193	6	3	12	0	1	0
Christopher	1825	10	3	1	—	1	1
Cicero	14557	9	3	56	0	50	130
Clinton	5165	5	7	3	20	2	10
Coal City	2667	5	2	—	22	2	2
Colchester	1445	12	11	6	0	1	0
Collinsville	7478	14	7	2	16	7	15
Columbia	2076	8	4	—	100	1	6
Crete	1005	8	4	0	22	1	0
Crystal Lake	1242	10	6	—	12	3	—
Cuba	2019	9	4	0	15	1	2
Dallas City	1288	6	5	1	30	1	—
Danville	27871	18	14	31	—	22	—
Decatur	31140	5	22	39	—	32	30
DeKalb	8102	15	3	7	—	5	10
Delavan	1175	11	6	—	25	2	—
Depue	1339	9	8	1	20	3	—
Desplaines	2348	8	3	0	6	1	2
Divernon	1519	—	1	—	15	1	11
Dixon	7216	5	2	5	—	5	2
Dolton	1869	9	3	—	26	6	2
Dorrisville	1184	10	3	0	0	1	1
Downers Grove	2601	5	7	2	15	2	10
Duquoin	5454	15	19	0	—	3	0
Dwight	2156	9	2	—	15	2	2
Earlville	1059	5	5	0	20	1	2
East Dubuque	1253	9	2	—	30	3	1
East Dundee	1405	8	5	—	15	2	3
East Moline	2665	13	13	3	—	5	—
East Peoria	1493	5	10	—	15	4	—

TABLE XIV—CONTINUED

363 CITIES AND VILLAGES OF 1000 AND OVER—EXCLUSIVE OF CHICAGO—POPULATION, ELECTIVE OFFICERS, APPOINTIVE OFFICIALS, PAID FIREMEN, VOLUNTEER FIREMEN, POLICEMEN AND OTHER EMPLOYES.

City or Village	Population	Elective Officers	Appointive Officials	Paid Firemen	Volunteer Firemen	Policemen	Other Employes
East St. Louis	58547	20	—	82	—	85	—
Edwardsville	5014	12	1	2	40	5	20
Effingham	3898	6	8	1	32	3	1
El Paso	1470	12	16	—	14	1	6
Eldorado	3366	5	3	10	0	3	1
Elgin	25976	6	22	27	0	21	63
Elmhurst	2360	12	10	—	14	2	4
Elmwood	1390	10	1	—	27	1	—
Equality	1180	8	2	—	—	1	—
Eureka	1525	10	4	0	15	1	0
Evanston	24978	18	7	30	—	32	200
Fairbury	2505	10	4	14	—	1	2
Fairfield	2479	11	14	—	12	2	—
Farmers City	1603	8	3	3	—	2	—
Farmington	2421	10	4	1	20	2	2
Flora	2704	5	4	—	8	1	—
Forest Park	6594	5	11	2	7	14	15
Freeburg	1397	9	2	0	170	1	4
Freeport	17567	15	12	21	2	13	3
Fulton	2174	10	5	2	30	2	—
Galena	4835	12	30	—	125	4	—
Galesburg	22089	19	15	15	—	13	84
Galva	2498	11	14	—	38	2	6
Geneseo	3199	10	11	0	27	2	2
Geneva	2451	10	5	—	10	2	7
Genoa	1257	10	3	1	16	2	0
Georgetown	2307	10	4	0	0	1	0
Gibson City	2086	9	4	—	11	1	—
Gillespie	2241	13	3	13	—	3	—
Gilman	1305	10	4	9	—	1	—
Girard	1891	10	3	9	0	1	—
Glen Carbon	1220	9	5	0	25	1	2
Glen Ellyn	1763	9	10	0	20	1	0
Glencoe	1899	—	—	3	15	3	9
Golconda	1088	8	3	0	—	0	0
Grafton	1116	10	1	0	0	1	0
Granite City	9903	16	8	6	10	12	—
Granville	1391	9	4	—	17	1	—
Grayville	1940	10	4	15	0	1	—
Greenfield	1161	9	1	0	24	1	0
Greenup	1224	9	3	12	—	1	—
Greenville	3178	8	6	1	—	1	—
Griggsville	1262	9	1	0	8	1	2
Gross Point	1008	9	—	—	—	1	—
Hamilton	1627	5	7	1	12	1	—
Harrisburg	5309	5	3	0	10	3	2
Harvard	3008	11	6	1	16	2	—
Harvey	7227	5	13	4	21	4	3
Havana	3525	10	7	2	8	3	3
Henry	1687	10	7	1	40	1	0
Herrin	6861	15	12	2	8	5	—
Highland	2675	11	6	1	23	3	12
Highland Park	4209	5	7	2	9	5	8
Highwood	1219	10	1	0	15	1	1
Hillsboro	3424	6	5	—	24	2	—
Hinsdale	2451	9	11	1	20	3	18
Homer	1086	9	1	0	1	0	0
Hoopeston	4698	13	10	—	20	2	—
Jacksonville	15326	5	9	11	—	10	28
Jerseyville	4113	5	4	0	10	2	7
Johnston City	3248	12	5	0	10	3	—
Joliet	34670	5	19	27	—	26	140
Jonesboro	1169	9	2	0	0	1	0
Kankakee	13986	19	10	12	—	13	20
Keithsburg	1515	10	2	9	0	1	0
Kewanee	9307	5	10	6	10	5	40
Knoxville	1818	11	8	2	—	2	—

TABLE XIV—CONTINUED

363 CITIES AND VILLAGES OF 1000 AND OVER—EXCLUSIVE OF CHICAGO—POPULATION, ELECTIVE OFFICERS, APPOINTIVE OFFICIALS, PAID FIREMEN, VOLUNTEER FIREMEN, POLICEMEN AND OTHER EMPLOYES.

City or Village	Population	Elective Officers	Appointive Officials	Paid Firemen	Volunteer Firemen	Policemen	Other Employes
La Grange	5282	8	9	0	12	3	4
La Grange Park	1131	8	2	0	8	1	—
La Harpe	1349	8	3	0	15	1	0
LaSalle	11537	18	25	25	16	10	25
Lacon	1495	10	5	7	0	2	0
Ladd	1910	8	5	21	—	1	1
Lake Forest	3349	10	4	10	—	5	10
Lanark	1175	9	4	1	—	2	—
Lansing	1060	9	2	—	—	1	—
Lawrenceville	3235	12	3	0	8	2	2
Lebanon	1907	4	3	—	25	1	2
Lemont	2284	8	3	—	44	2	2
Lena	1168	9	9	0	10	1	—
Leroy	1702	11	4	1	—	2	0
Lewistown	2312	11	4	1	10	2	1
Lexington	1318	10	4	0	1	1	0
Libertyville	1724	8	2	2	12	1	—
Lincoln	10892	5	2	5	—	6	14
Litchfield	5971	16	5	2	75	2	—
Livingston	1092	8	3	2	23	2	1
Lockport	2555	10	4	0	24	1	3
Lovington	1011	8	4	0	10	1	3
Lyons	1483	8	2	0	20	2	4
McHenry	1031	8	3	—	—	2	—
McLeansboro	1796	11	2	1	22	1	4
Macomb	5774	29	20	8	6	3	—
Madison	5046	9	6	1	12	8	3
Manteno	1229	9	5	0	5	1	0
Marengo	1936	10	5	1	12	1	1
Marion	7093	7	14	2	7	3	—
Marissa	2004	9	2	0	10	1	0
Mark	1025	8	2	18	0	0	0
Maroa	1160	10	4	0	13	1	1
Marseilles	3291	4	8	2	12	2	—
Marshall	2569	9	3	—	—	2	5
Martinsville	1500	10	4	0	—	1	0
Mascoutah	2081	10	4	—	50	1	—
Mason City	1842	10	4	0	15	2	0
Mattoon	11456	18	7	8	—	8	8
Maywood	8033	8	10	7	0	3	9
Melrose Park	4806	14	4	1	20	4	6
Mendota	3806	12	6	1	25	3	5
Metropolis	4655	13	4	12	—	2	9
Milford	1316	8	6	0	0	1	0
Millstadt	1140	8	3	0	32	1	2
Minonk	2070	10	3	1	16	1	—
Moline	24199	8	12	15	—	21	52
Momence	2201	10	3	—	10	1	1
Monmouth	9128	24	18	4	80	7	14
Monticello	1981	10	6	13	13	1	—
Morris	4563	14	6	—	25	3	—
Morrison	2410	10	12	18	22	2	6
Morrisonville	1126	8	3	—	—	1	—
Morton	1004	8	1	—	20	2	—
Mound City	2837	8	2	—	20	2	5
Mounds	1686	9	5	0	0	2	—
Mount Carmel	6934	6	7	1	6	2	1
Mount Carroll	1759	10	15	1	—	1	7
Mount Morris	1132	8	2	—	—	1	—
Mount Olive	3501	12	4	0	55	3	7
Mount Pulaski	1511	11	6	—	27	2	—
Mount Sterling	1986	10	4	—	25	1	1
Mount Vernon	8007	15	17	6	—	4	13
Moweaqua	1513	7	6	0	25	1	0
Murphysboro	7485	5	15	3	—	6	6
Naperville	3449	5	8	—	25	2	10
Nashville	2135	10	3	—	15	2	1

TABLE XIV—CONTINUED

363 CITIES AND VILLAGES OF 1000 AND OVER—EXCLUSIVE OF CHICAGO—POPULATION, ELECTIVE OFFICERS, APPOINTIVE OFFICIALS, PAID FIREMEN, VOLUNTEER FIREMEN, POLICEMEN AND OTHER EMPLOYES.

City or Village	Population	Elective Officers	Appointive Officials	Paid Firemen	Volunteer Firemen	Policemen	Other Employes
Nauvoo	1020	9	5	0	20	1	0
Nioga	1074	8	2	—	—	2	—
New Athens	1131	8	1	0	70	1	3
New Baden	1372	8	4	—	32	1	2
Newman	1264	10	17	0	—	2	—
Newton	2108	6	5	0	8	1	3
Nokomis	1872	4	5	3	14	3	0
Normal	4024	8	10	1	12	3	8
Norris City	1055	8	1	—	—	1	—
North Chicago	3306	4	8	6	—	3	3
Oak Park	19444	8	7	24	—	25	—
Oakland	1159	8	4	0	6	2	—
Oblong	1482	6	2	0	0	1	—
Odell	1035	9	2	—	—	1	—
Odin	1400	9	3	—	—	1	—
O'Fallon	2018	9	5	—	25	2	—
Oglesby	3194	12	10	0	12	4	1
Olney	5011	5	11	0	3	2	—
Onarga	1273	13	8	10	—	2	—
Oregon	2180	5	5	—	7	2	2
Ottawa	9535	5	21	5	20	9	7
Palatine	1144	8	2	18	0	2	—
Palestine	1399	8	2	0	0	1	0
Pana	6055	17	6	—	10	2	—
Paris	7664	5	3	5	10	4	3
Park Ridge	2009	10	13	—	20	2	—
Pawnee	1399	10	2	—	15	1	—
Paxton	2912	12	20	10	10	2	0
Pecatonica	1022	10	3	0	—	2	0
Pekin	9897	5	23	4	5	7	6
Peoria	66950	5	47	85	70	85	90
Peotone	1207	8	5	0	10	1	—
Percy	1033	10	—	1	—	—	—
Peru	7984	14	4	12	12	7	6
Petersburg	2587	11	6	7	—	2	—
Pinckneyville	2722	5	6	10	—	1	—
Pittsfield	2095	11	3	—	30	2	—
Plainfield	1019	8	3	1	—	1	—
Plano	1627	8	3	—	20	1	—
Polo	1828	11	9	1	8	2	3
Pontiac	6090	14	7	11	—	3	3
Princeton	4131	6	7	1	31	3	16
Prophetstown	1083	9	3	—	15	1	—
Quincy	36587	19	13	50	—	39	40
Rantoul	1384	8	6	12	0	1	5
Redbud	1240	10	4	0	65	1	3
Ridgway	1054	8	2	—	—	—	—
River Forest	2456	15	12	0	12	4	5
Riverside	1702	9	5	15	—	3	—
Riverton	1911	7	2	0	—	1	0
Roanoke	1311	8	3	—	18	1	1
Robinson	3863	12	3	1	10	3	—
Rochelle	2732	5	5	—	13	3	16
Rock Falls	2657	5	6	1	16	2	—
Rock Island	24335	5	20	27	—	18	60
Rockdale	1101	8	2	—	—	3	2
Rockford	45401	5	20	67	—	45	118
Roodhouse	2171	9	3	—	—	2	2
Rossville	1422	9	3	0	—	1	1
Rushville	2422	10	4	—	15	1	0
St. Anne	1065	9	4	—	10	1	—
St. Charles	4046	11	7	2	12	2	12
St. Elmo	1227	8	—	—	25	—	—
St. Francisville	1391	8	3	0	4	1	0
Salem	2669	5	6	—	18	1	—
Sandoval	1563	7	1	—	20	1	—
Sandwich	2557	11	3	—	47	2	3

TABLE XIV—CONTINUED

363 CITIES AND VILLAGES OF 1000 AND OVER—EXCLUSIVE OF CHICAGO—POPULATION, ELECTIVE OFFICERS, APPOINTIVE OFFICIALS, PAID FIREMEN, VOLUNTEER FIREMEN, POLICEMEN AND OTHER EMPLOYES.

City or Village	Population	Elective Officers	Appointive Officials	Paid Firemen	Volunteer Firemen	Policemen	Other Employes
Savanna	3691	12	5	2	8	5	6
Seatonville	1370	8	4	—	15	1	0
Sesser	1292	9	5	0	0	2	—
Shawneetown	1863	9	1	0	0	1	—
Sheffield	1009	8	4	0	20	2	—
Shelbyville	3590	13	4	0	15	3	11
Sheldon	1143	8	2	—	18	1	—
Silvis	1163	9	4	—	17	1	—
Sorento	1018	8	7	0	6	1	0
South Holland	1065	8	2	—	14	6	—
South Wilmington	2403	8	2	1	15	1	—
Sparta	3081	11	2	0	15	0	2
Spring Valley	7035	5	13	1	15	3	0
Springfield	51678	5	36	77	—	49	218
Staunton	5048	13	5	0	0	4	9
Steger	2161	8	2	2	38	2	2
Sterling	7467	5	15	5	10	5	25
Stockton	1096	8	3	—	20	1	—
Stonington	1118	7	3	2	0	1	2
Streator	14253	18	4	10	0	14	—
Sullivan	2621	11	3	1	—	1	3
Sumner	1413	9	2	0	15	2	—
Sycamore	3926	12	5	1	39	2	4
Taylorville	5446	12	26	2	6	3	—
Thayer	1012	9	0	0	—	1	0
Thornton	1030	8	2	0	32	4	0
Toluca	2407	10	6	6	6	3	4
Toulon	1208	9	15	0	25	1	—
Tower Hill	1040	9	3	0	0	1	0
Trenton	1694	9	1	0	30	1	4
Troy	1447	10	2	0	30	1	—
Tuscola	2453	10	4	0	16	2	3
Urbana	8245	15	7	6	0	4	—
Vandalia	2974	11	0	0	12	1	3
Venice	3718	8	—	0	35	9	3
Vermont	1118	8	4	—	—	1	—
Vienna	1124	7	1	0	0	0	0
Villa Grove	1828	10	1	—	—	2	—
Virden	4000	13	4	0	8	3	5
Virginia	1501	10	5	12	0	1	0
Warren	1331	8	5	—	30	1	3
Warsaw	2254	10	4	—	75	1	12
Washington	1530	10	7	0	16	2	—
Waterloo	2091	11	7	—	30	2	—
Watseka	2476	9	5	—	—	1	—
Waukegan	16069	5	4	13	3	12	50
Waverly	1538	12	12	—	50	2	—
Wenona	1442	12	4	15	—	2	—
West Chicago	2378	11	4	0	24	3	5
West Dundee	1380	7	7	0	16	2	1
West Frankfort	2111	13	9	4	—	4	0
West Hammond	4948	13	6	3	—	6	—
Westville	2607	8	4	0	9	7	2
Wethersfield	1593	9	2	0	20	1	0
Wheaton	3423	5	8	0	28	1	3
Whitehall	2854	11	9	3	12	2	—
Willisville	1082	8	3	—	—	1	—
Wilmette	4943	12	8	2	15	5	10
Wilmington	1450	11	3	17	0	2	0
Winchester	1639	10	3	0	24	2	3
Winnetka	3168	18	5	0	15	10	36
Witt	2170	9	2	—	8	3	—
Woodstock	4331	11	1	0	30	3	14
Worden	1082	8	2	0	18	1	—
Wyoming	1506	10	3	—	20	1	—
Zion City	4789	11	8	12	10	2	—
Totals		3457	2219	1555	4820	1515	2563

CHAPTER IX

STATISTICS ON AGES, YEARS OF SERVICE AND SALARIES RELATING TO POLICEMEN AND FIREMEN IN CITIES OF MORE THAN 5,000 AND LESS THAN 100,000 INHABITANTS, AND TO STATE INSTITUTIONAL TEACHERS

Supplementary to the Statistical Chapter of the Report of the Commission of 1916

The Tables of this chapter are taken from those used by the Actuary in computing the cost of supplementary annuities for present employes and are supplementary to the tables furnished in the Report of the Pension Commission of 1916. The data was derived from information sheets filled out by the employes concerned under the supervision of their Heads of Departments.

TABLE I

(Policemen in Cities Outside of Chicago)

SHOWING THE NUMBER OF POLICEMEN IN SERVICE JULY 1, 1918, IN THE CITIES LISTED IN TABLE, CLASSIFIED IN GROUPS ACCORDING TO AGE AND YEARS OF SERVICE AS OF JULY 1, 1918. DATA IN SEVEN CITIES MISSING.

Ages Inclusive	Years of Service									
	0-4 Years Incl.	5-9 Years Incl.	10-14 Years Incl.	15-19 Years Incl.	20-24 Years Incl.	25-29 Years Incl.	30-34 Years Incl.	35-39 Years Incl.	41 Years	Totals
22-24	8	.....	.....	.....	.....	.....	.....	.....	.....	8
25-29	49	4	.....	.....	.....	.....	.....	.....	.....	53
30-34	74	31	3	.....	.....	.....	.....	.....	.....	108
35-39	72	34	22	2	.....	.....	.....	.....	.....	130
40-44	65	38	26	7	2	.....	.....	.....	.....	138
45-49	52	38	31	15	3	.....	.....	.....	.....	139
50-54	29	24	24	14	12	4	2	.....	.....	109
55-59	20	25	20	14	5	7	2	.....	.....	93
60-64	6	8	10	3	3	7	1	2	1	41
65-69	4	6	1	5	2	4	2	.....	.....	24
70-74	1	.....	1	.....	2	.....	.....	1	.....	5
75-78	.....	.....	1	.....	1	.....	.....	.....	.....	2
Totals...	380	208	139	60	30	22	7	3	1	850

TABLE II

(Policemen in Cities Outside of Chicago)

SHOWING BY CITIES THE NUMBER OF POLICEMEN IN SERVICE JULY 1, 1918, AND THE AGGREGATE AND AVERAGE SALARIES OF SUCH POLICEMEN. DATA ON SEVEN CITIES MISSING. STATISTICS FURNISHED BY THE POLICE DEPARTMENT OF THE CITIES LISTED.

Name of City	Number of Policemen	Aggregate of Salaries	Average Salary
Alton	12	$13,458	$1,121
Aurora	32	36,640	1,145
Beardstown	4	4,140	1,035
Belleville	16	17,400	1,087
Berwyn	4	4,320	1,080
Bloomington	28	30,480	1,088
Blue Island	9	9,540	1,060
Cairo	16	16,740	1,046
Canton	4	4,440	1,110
Centralia	6	6,300	1,050
Champaign	7	8,440	1,205
Charleston	4	3,840	960
Chicago Heights	21	27,420	1,305
Cicero	47	58,832	1,251
Clinton	2	1,700	850
Collinsville	7	7,680	1,097
Danville	13	15,930	1,225
Decatur	30	35,480	1,182
DeKalb	4	4,260	1,065
Dixon	9	8,790	977
Duquoin	4	4,680	1,170
East St. Louis	62	76,696	1,237
Edwardsville	4	4,200	1,050
Elgin	20	21,390	1,069
Evanston	30	35,700	1,190
Forest Park	6	7,620	1,270
Freeport	13	14,220	1,094
Galesburg	9	8,784	976
Granite City	13	15,600	1,200
Harvey	5	5,640	1,128
Herrin	5	6,276	1,255
Joliet	31	34,689	1,119
Kankakee	11	12,160	1,105
Kewanee	5	5,400	1,080
La Salle	9	11,691	1,299
Lincoln	6	5,940	990
Madison	10	12,000	1,200
Marion	2	2,600	1,300
Mattoon	6	5,160	860
Maywood	4	4,720	1,180
Moline	24	25,506	1,062
Monmouth	1	960	960
Mt. Carmel	2	1,680	840
Mt Vernon	2	1,440	720
Murphysboro	6	6,240	1,040
Oak Park	24	30,920	1,288
Olney	2	1,380	690
Ottawa	7	6,960	994
Pana	2	1,980	990
Paris	4	4,200	1,050
Peoria	77	84,800	1,101
Peru	7	8,448	1,207
Pontiac	3	2,680	894
Quincy	32	32,820	1,025
Rockford	35	42,620	1,217
Rock Island	11	12,800	1,164
Springfield	40	50,360	1,259
Spring Valley	1	1,080	1,080
Streator	14	16,151	1,153
Sterling	6	5,500	917
Taylorville	3	3,240	1,080
Urbana	5	4,260	852
Waukegan	12	14,340	1,195
Totals	850	$971,361	

TABLE III

(Firemen in Cities Outside of Chicago)

SHOWING THE NUMBER OF FIREMEN IN SERVICE JULY 1, 1918, IN THE CITIES LISTED IN TABLE IV, CLASSIFIED IN GROUPS ACCORDING TO AGE AND YEARS OF SERVICE AS OF JULY 1, 1918.

Ages Inclusive	Years of Service										
	0-4 Years Incl.	5-9 Years Incl.	10-14 Years Incl.	15-19 Years Incl.	20-24 Years Incl.	25-29 Years Incl.	30-34 Years Incl.	35-39 Years Incl.	40-44 Years Incl.	48 Years	Totals
18-19	3	.....	.....	.....	.....	.....	.....	.....	.....	.....	3
20-24	40	2	.....	.....	.....	.....	.....	.....	.....	.....	42
25-29	70	25	1	.....	.....	.....	.....	.....	.....	.....	96
30-34	67	64	18	1	.....	.....	.....	.....	.....	.....	150
35-39	56	55	38	11	.....	.....	.....	.....	.....	.....	160
40-44	39	41	43	17	5	1	.....	.....	.....	.....	146
45-49	23	27	25	15	17	6	.....	.....	.....	.....	113
50-54	11	9	15	13	13	10	4	1	.....	.....	76
55-59	1	8	5	10	11	9	7	3	.....	.....	54
60-64	.....	1	2	3	1	2	5	5	2	.....	21
65-68	.....	.....	1	2	2	.....	4	2	.....	1	12
Totals..	310	232	148	72	49	28	20	11	2	1	873

TABLE IV

(Firemen in Cities Outside of Chicago)

SHOWING BY CITIES THE NUMBER OF FIREMEN IN SERVICE JULY 1, 1918, AND THE AGGREGATE AND AVERAGE SALARIES OF SUCH FIREMEN. STATISTICS FURNISHED BY THE FIRE DEPARTMENT OF THE CITIES LISTED.

Name of City	Number of Firemen	Aggregate of Salaries	Average Salary
Alton	16	$18,197	$1,137
Aurora	28	32,330	1,155
Beardstown	1	1,080	1,080
Belleville	18	19,560	1,087
Belvidere	8	8,880	1,110
Berwyn	4	4,380	1,095
Bloomington	31	34,500	1,113
Blue Island	4	4,200	1,050
Canton	7	7,680	1,097
Cairo	16	15,060	941
Centralia	1	960	960
Champaign	9	10,400	1,156
Charleston	2	2,000	1,000
Chicago Heights	19	23,520	1,238
Clinton	3	2,580	860
Collinsville	2	2,160	1,080
Danville	33	40,470	1,226
Decatur	40	46,350	1,159
DeKalb	7	7,360	1,051
Dixon	5	4,686	937
East St. Louis	80	99,200	1,240
Edwardsville	2	1,920	960
Elgin	27	33,130	1,227
Evanston	39	48,004	1,231
Forest Park	1	600	600
Freeport	18	19,657	1,092
Galesburg	16	18,366	1,148
Granite City	6	7,320	1,220
Harvey	4	4,740	1,185
Herrin	1	1,200	1,200
Jacksonville	4	4,520	1,130
Joliet	36	40,810	1,134
Kankakee	12	13,380	1,115
Kewanee	6	6,600	1,100
Lincoln	5	4,980	996
Litchfield	2	1,800	900

TABLE IV—CONTINUED

(Firemen in Cities Outside of Chicago)

SHOWING BY CITIES THE NUMBER OF FIREMEN IN SERVICE JULY 1, 1918, AND THE AGGREGATE AND AVERAGE SALARIES OF SUCH FIREMEN. STATISTICS FURNISHED BY THE FIRE DEPARTMENT OF THE CITIES LISTED.

Name of City	Number of Firemen	Aggregate of Salaries	Average Salary
Macomb	2	1,792	896
Mattoon	7	6,460	923
Maywood	1	1,200	1,200
Moline	9	9,350	1,039
Monmouth	4	.4,145	1,036
Mount Vernon	1	600	600
Mt. Carmel	0	.....	....
Murphysboro	3	3,060	1,020
Marion	2	2,220	1,110
Oak Park	17	23,190	1,364
Ottawa	5	5,040	1,008
Paris	5	4,260	852
Pekin	5	6,240	1,248
Peru	2	3,320	1,660
Pontiac	1	1,140	1,140
Peoria	71	79,797	1,124
Quincy	43	47,799	1,112
Rockford	59	72,760	1,233
Rock Island	24	27,405	1,142
Springfield	65	80,000	1,231
Sterling	4	3,860	965
Streator	10	11,659	1,166
Taylorville	2	2,220	1,110
Urbana	6	5,400	900
Waukegan	12	12,780	1,065
Totals	873	1,008,277	

TABLE V

(State Institutional Teachers)

SHOWING THE NUMBER OF TEACHERS IN SERVICE JULY 1, 1918, IN THE STATE INSTITUTIONS LISTED IN TABLE VI, CLASSIFIED ACCORDING TO AGE AND YEARS OF SERVICE AS OF JULY 1, 1918.

Ages Inclusive	Years of Service											Totals
	0-4 Years Incl.	5-9 Years Incl.	10-14 Years Incl.	15-19 Years Incl.	20-24 Years Incl.	25-29 Years Incl.	30-34 Years Incl.	35-39 Years Incl.	40-44 Years Incl.	45 Years	53 Years	
20-24	11	1	....	....	....	....	....	....	....	....	....	12
25-29	31	22	2	....	....	....	....	....	....	....	....	55
30-34	10	24	11	....	....	....	....	....	....	....	....	45
35-39	5	9	24	7	1	....	....	....	....	....	....	46
40-44	2	1	9	18	17	....	....	....	....	....	....	47
45-49	3	1	4	17	15	13	2	....	....	....	....	55
50-54	....	....	1	4	10	12	8	....	....	....	....	35
55-59	1	....	....	2	6	4	4	1	2	....	....	20
60-64	....	....	....	1	1	2	2	5	2	....	....	13
65-69	....	....	....	....	....	....	2	1	1	2	....	6
70-74	....	....	....	....	....	....	....	1	....	....	1	2
Totals	63	58	51	49	50	31	18	8	5	2	1	336

TABLE VI

(State Institutional Teachers)

SHOWING BY CITIES THE NUMBER OF TEACHERS IN SERVICE JULY 1, 1918, AND THE AGGREGATE AND AVERAGE SALARIES OF SUCH INSTITUTIONAL TEACHERS.

Name of Institution	Number of Teachers	Aggregate of Salaries	Average Salary
Ill. State Reformatory, Pontiac—Men	8	$ 7,416	$ 927
Ill. State Normal, Normal—Men	30	67,880	2,262
Western Ill. State Normal, Macomb—Men	19	42,000	2,210
Ill. School for Blind, Jacksonville—Men	7	9,170	1,310
Ill. School for Deaf, Jacksonville—Men	8	11,200	1,400
Northern Ill. State Normal, DeKalb—Men	11	25,300	2,300
Eastern Ill. State Normal, Charleston—Men	15	31,100	2,073
Southern Ill. State Normal, Carbondale—Men	22	49,800	2,263
Eastern Ill. State Normal, Charleston—Women	27	37,089	1,374
Southern Ill. Normal, Carbondale—Women	17	22,300	1,312
Northern Ill. State Normal, DeKalb—Women	34	39,400	1,158
State Training School, Geneva—Women	9	8,211	912
Ill. School for Deaf, Jacksonville—Women	29	31,598	1,089
Ill. School for Blind, Jacksonville—Women	18	19,980	1,110
Lincoln State School and Colony, Lincoln—Women	10	7,620	762
Western Ill. State Normal, Macomb—Women	16	24,125	1,507
Ill. State Normal, Normal—Women	43	55,588	1,292
St. Charles Boys' School, St. Charles—Women	13	9,612	739
Totals	336	$499,389	

CHAPTER X

RECENT DEVELOPMENTS IN PENSION LEGISLATION IN OTHER STATES OF THE UNITED STATES

SOUND PENSION SYSTEMS NOW BEING ADOPTED BY OTHER STATES

General Trend—Within the past few years, there has grown up in this country a marked tendency in the direction of sound pension systems for certain public employes. This statement does not mean that the bulk of pension legislation being enacted at the present time is of a desirable character. Indeed, at their latest sessions, the legislatures of a number of states, including California, Colorado, Illinois, Minnesota, Nebraska, New Jersey, and New York, enacted further pension legislation of an unsound character.

Scientific Systems—But beginning in 1911 with the law creating a pension system for state civil service employes of Massachusetts, there are now added the state-wide teachers' pension system in Massachusetts in 1913, the system for teachers of Erie, Pennsylvania, in 1916, the system for teachers in the City of New York in 1917, and the state-wide systems for teachers of Connecticut and Pennsylvania in 1917.

Moreover, bills for sound pension systems have been recently considered by a number of states where they have not been thus far enacted into law.

Advance Marked in New Laws for Teachers' Pensions

Two 1917 Acts—The New York and Pennsylvania laws of 1917 for teachers really represent a distinct advance over the other laws. The other laws provide for the maintenance of individuals' accounts, in which the employe is credited with his own contributions, but there is no requirement that the public set money aside to accumulate. It is merely provided that the money required shall be appropriated upon the estimates of the retirement board.

The laws of New York and Pennsylvania go further by requiring also that the contributions of the public be set aside on behalf of individual employes at the time service is being rendered.

Amount of Pension—With respect to amount of pension, there is in all these systems given a retirement annunity equal to that which can be provided by the accumulated contributions by and on behalf of the individual employe, based on a prescribed table of mortality and rate of interest. But under the New York and Pennsylvania laws the retirement annunity is one-half the average salary of the last ten years of service, if salary increases follow a certain scale.

Refunds—With respect to refunds of contributions, the fundamental idea in each of these systems is that when an employe, after contributing to a pension fund for any time, is separated from the service by resignation, dismissal, or death, his own direct contributions should be refunded, with interest at a rate such as would have been obtained had he placed his money in a savings institution.

Contributions of Employe and Those of Employer Kept Separate

In all this important legislation, the accumulations from contributions of the employe by deductions from salary and those from the employer are kept separate. Likewise the benefits that are provided out of contributions of the employe are kept separate from those that are provided out of contributions of the employer. In all the systems, with the exception of the state-wide system of Pennsylvania, the term "annuity" means payments for life derived from contributions of the employe by deductions from salary, and the term "pension" means payments for life derived from contributions made by the public as an employer.

In the state-wide teachers' pension law of Pennsylvania, the usage is somewhat different, in that "employe annuity" is used for the payments for life derived from the contributions of the employe, and "state annuity" is used to mean payments for life from contributions made by the state.

MASSACHUSETTS PENSION SYSTEM FOR STATE EMPLOYES—1911

Contributions—The law of 1911 provides that the percentage of wages or salary to be contributed by the employe shall be fixed by the retirement board, but shall not be less than 1, nor more than 5 per cent of wages or salary. The board has fixed contributions at 3 per cent unless the employe elects to contribute 5 per cent.

Credit for Prior Service—An important provision of the law is that any member who was in the service of the state at the time the

Act went into effect shall receive, in addition to "annuity" (the amount paid from employe's contributions) and "pension" (the amount equal to annuity obtained from contributions of the public), an *extra pension* of such amount that his total retirement allowance is as large as that to which he would have acquired a claim if he had contributed to the retirement system throughout his entire service.

May Retire Voluntarily at Age 60

RETIREMENT OF MEMBERS — Retirement is voluntary at age 60, after 15 years of continuous service, compulsory at age 70. An employe with 35 years of service may be retired at any age for the good of the service.

AMOUNT OF RETIREMENT ANNUITY—In no case is the monthly payment to a member to be less than $16.67, or more than one-half of the amount of the average salary or wage during the ten years prior to his retirement.

MASSACHUSETTS; ERIE, PENNSYLVANIA; AND CONNECTICUT SYSTEMS FOR TEACHERS

The systems created under these laws do not differ in essential principles from that for state employes of Massachusetts just discussed. There is a difference in that the percentage of salary to be contributed may vary from 3 to 7 per cent, instead of varying from 1 to 5 per cent. The board in Massachusetts has fixed 5 per cent of salary as the rate of contribution.

THE NEW YORK CITY AND STATE OF PENNSYLVANIA SYSTEMS FOR TEACHERS

These systems certainly promise to be permanent institutions. They have, in addition to the merits of the other systems that have been discussed, the very commendable feature that the public as an employer is required to pay currently into a contingent reserve fund a certain per cent of salaries, so as to make the funds available at the time of retirement to pay the pensions promised from contributions of the employer. Moreover, the City of New York in the case of its teachers, and the State of Pennsylvania, in the case of its teachers, guarantee 4 per cent interest, compounded annually, on all funds contributed by the employe. They also guarantee the payment of the retirement allowances according to the provisions of the act by stating explicitly in the laws that the payment of these retirement allowances is made in the one case an obligation of the City of New York, and in the other case an obligation of the State of Pennsylvania.

Methods of Meeting Accrued Liabilities on Account of Present Employes

In starting a pension system on a sound basis, great difficulty arises from the fact that no funds are available on behalf of present employes. The situation would in general be relatively simple to deal with if we had to consider only new entrants to the service. It is important to note that the City of New York is to pay $1,000,000 annually into the fund on account of present teachers, until the fund is in a satisfactory condition, as shown by actuarial valuation. Similarly, the State of Pennsylvania is to pay semi-annually into the fund an amount equal to 2.8 per cent of the total salaries paid to all contributors during the preceding school year, and in every case an amount at least 3 per cent greater than the second preceding semi-annual payment. This is to be continued until the accumulations are adequate, when added to future contributions, to meet future demands on the funds. These plans of New York City and of the State of Pennsylvania put the pension systems on a basis analogous to the basis of legal reserve life insurance.

These plans may appear on a first reading to be unnecessarily complex, but it should be said in this connection that very often what appear to be simple provisions are actuarially impractical, whereas the statements that are most satisfactory and convenient for practical operation on an actuarial basis may require for precision a rather technical phraseology.

Aim to Give Retirement Allowance of Half Salary

It is the aim of the New York and Pennsylvania laws to give a retirement allowance of as nearly half the average salary of the last ten years of service as is practicable. The part to be provided by the public contributions, called a "pension" under the New York system, and a "State Annuity" under the Pennsylvania system, is just one-quarter of the average salary of the last ten years of service. With respect to the part to be provided by contributions of the employe, the annuity is of such amount as can be equitably provided with the accumulated contributions, and this depends somewhat on the experiences of particular men. Some receive advancements in salary early in the period of service. These will have more accumulated than necessary, while those who get advancement late in the period of service have insufficient accumulations to provide the annuity of one-quarter of the average salary of the last ten years of service.

While the total "old age retirement annuity" may thus deviate somewhat from half the average salary of the last ten years of service, the half salary retirement annuity is provided in the typical case.

Permanence of These Systems Is Assured

The fundamental basis of the New York City and Pennsylvania systems is such that they surely promise to be permanent institutions. There is under these systems definite provision to meet all the future obligations without increasing the per cent of salary being paid at the present time. It is the great increase in cost as time goes on that brings disaster to a pension system operated on any plan other than an adequate reserve plan.

CHAPTER XI

THE WORLD'S EXPERIENCE IN THE OPERATION OF PUBLIC SERVICE PENSION SYSTEMS

It is the purpose of the present chapter to give in very brief form a notion of certain valuable experiences with the operation of pension laws both in various municipalities and states of this country and in foreign countries.

I. EXPERIENCES IN THE UNITED STATES

By reference to the Report of the Illinois Pension Laws Commission of 1916,* we note that there are a very large number of laws establishing pension funds for public employes. Many of these pension laws have been enacted within the past ten years.

While many pension funds in the various States have been established so recently that their experiences are too short to give us any valuable lessons, we find that some of the larger cities have an experience that we cannot afford to overlook. Moreover, it is in these larger cities where the conditions are really most favorable for the establishment of sound pension systems. We shall, therefore, examine the experiences with pension funds in a few large cities.

New York City's Experience—Deficiency of Over $170,000,000.

The status of the pension funds of New York City is presented in a series of valuable reports recently published by the Commission on Pensions of the City of New York.

It was shown in these reports as the result of careful investigation that on June 30, 1914, there was a deficiency of over $170,000,000 in the amount of assets that should exist to cover the liabilities as of that date.

The Teachers' Pension Fund involved in the New York investigation has been superseded by a fund created by an act passed in 1917 that will put on a sound actuarial basis the new Teachers' Pension and Retirement Fund of New York City. To be sure, this creation

*Chapters II-IV, Pages 19-71. Report of Illinois Pension Laws Commission, 1916.

of a new fund requires larger contributions both by teachers and by the city, but it represents a big step in the direction of sound pension legislation.

The Commission on Pensions of the City of New York has proposed that adequate measures be taken to deal with the whole pension problem by methods that will insure the solvency of the funds, and provide whatever pensions are promised.

Boston's Experience Similar

The Commission on Pensions of Massachusetts appointed in 1913 found the three pension funds for teachers in Boston in a state very similar to that just described for New York.

System for State Civil Service Employes in Massachusetts Established on Actuarial Basis

It was a distinct step forward when Massachusetts in 1911 enacted a law creating a pension system for civil service employes of the commonwealth by requiring deductions from salary of not less than one per cent nor more than five per cent as determined by the Retirement Board, and by accumulating the amounts thus contributed at interest. The amounts thus accumulated are to be used at retirement to provide an annuity on an actuarial basis.

The state is also to provide an annuity equal to that obtainable from the employe's contributions.

A similar law in Massachusetts requiring from three per cent to seven per cent of salaries was passed in 1913 for teachers outside of Boston.

Recent Laws Provide Sound Systems for Teachers of New York City and State of Pennsylvania

The laws of Massachusetts for civil service employes and for teachers represent a step forward although the part of the pension from the state contribution is not so secure as under the law for New York City teachers in which the employer makes contributions at the time service is rendered instead of merely promising to pay an annuity equal to that provided from contributions by the employe as is the case in the Massachusetts law.

The State of Pennsylvania has followed closely the plan of New York City in creating a state-wide pension law for teachers.

The Systems for New Jersey Teachers Cited as Examples of Unsound Plans

As an example of experience with unsound pension schemes, we may take the experience of the State of New Jersey with teachers'

pensions. The State of New Jersey has had two state-wide pension plans for teachers and has had considerable disastrous experience. The history of the older of the two plans began in 1896 when the legislature created the Board of Trustees of Teachers' Retirement Funds. The plan required contributions of one per cent of salary, and promised ridiculously large benefits compared to this source of income. It was provided further that if there were insufficient resources in the funds to pay the annuities, the state treasurer was to register the warrants thus necessarily unpaid, and as money was received, all orders were to be paid with interest at five per cent until the fund was at least equal to its liabilities. The acceptance of the assumption that at some time the fund would so increase as to equal its liabilities looks like a case of native simplicity.

The second system of New Jersey dates to a law enacted in 1903 and amended in 1906 and 1912. Under this law local school boards are required to pay out of local school funds a pension amounting to one-half of the average annual salary of the past five years to any teacher with thirty-five years of service in public school work, provided twenty years were in the schools of the local educational authority by whom the pension must be paid.

In the present year, 1918, the Bureau of State Research of New Jersey has published drastic criticisms of the pension situation of the state. One of these publications is on Teachers' Retirement Systems in New Jersey—Their Fallacies and Evolution; another is devoted to employes other than teachers. These publications urge the necessity of reorganization on a reserve basis.

Summary — Most State Laws Are "Horrible Examples," a Few Exceptions Afford Models

Taken as a whole, we may say that with only a few exceptions, the laws of the various states for pensions of public employes have been enacted with almost utter disregard for the disastrous experiences contained in the history of unsound pension plans. It is just the few exceptional cases, such as the laws for the New York City and the Pennsylvania teachers, however, that are important; for, they are showing the way to really sound pension legislation, and involve such large groups as to be really very significant in the movement for sound pension systems.

II. EXPERIENCES IN GREAT BRITAIN

Has Had Civil Service Pensions for Over a Century

The British Government has had more than a century of experience in attempting by the payment of pensions, to solve the problem of retirement from the civil service. Various laws were in force up to 1857. In 1810, under a general act, the government began the payment, out of the revenue of the country, of retiring allowances to civil service employes.

Parliament passed a law in 1822 requiring that half the superannuation allowances granted after that date should be paid out of the funds created by deductions from salaries. Two years later the act was repealed, and the sums contributed up to that time were returned.

From 1824 to 1829 pensions were granted on a liberal basis without deductions from salaries of the employes.

Contributory from 1829 to 1857

From 1829 to 1857, a contributory system was in force for all who entered the civil service subsequent to August 4, 1829. The deductions from salary were two and one-half per cent from salaries not exceeding one hundred pounds ($486.66) per annum, and five per cent from salaries exceeding that amount. This act contained no provision that amounts thus collected should be funded and accumulated at interest. The general feeling of dissatisfaction that developed among the employes was due largely to the fact that no refunds were provided for in case of withdrawal.

The discontent with the conditions became so intense that in 1846 the employes formed an association for the purpose of bringing their grievances before Parliament. This association worked on various plans for ten years, and presented its claims before a select committee of the House of Commons in 1856.

Two actuaries were appointed to investigate the question as to whether the deductions from salary were more than adequate to pay the pensions. Contrary to expectations, the actuaries found that the contributions were inadequate to pay the pensions and that if the system had depended upon contributions only it would have been hopelessly insolvent. The provision requiring deductions from salaries was repealed in 1857, and an act was passed in 1859 which established a system of non-contributory pensions.

Non-Contributory Law in Force from 1859 to 1909

The system of non-contributory pensions created by the Act of 1859 was not satisfactory to the employes. After the system was in

force for some time, the view came to be held that the pension was taken into account in fixing salaries; in other words, that the employes, because of their pension prospects, were being paid less than they would otherwise receive. A committee consisting of 70,000 of the total of 100,000 employes, which took the name "Deferred Pay Committee," pressed the claims of employes so vigorously that the Courtney Commission was appointed in 1902 to investigate their grievances.

Insurance Included in the Present Law—Act of 1909

In accord with the recommendation of the Courtney Commission a law was passed in 1909 reducing the amount of pension by one-quarter, and substituting, in place of this part of the pension, benefits in the form of insurance against death and cash payments in case of withdrawals from the service before receiving a pension.

The reduced pension under this law is thus one-eightieth of the average annual salary for each year of service, instead of one-sixtieth as had been the case in 1859. In addition the treasury is authorized to give a retiring employe a lump sum of one-thirtieth of the average annual salary multiplied by the number of years of service, provided the additional allowance shall not exceed one and one-half times the average salary. Continuance in active service after age 65 is discouraged by reducing the additional allowance in case of service after this age.

Cost of Civil Service Pensions Expressed in Percentage of Corresponding Salaries of the Active Staff

The ratio of pension payments to salary payments depends on several factors. When a department is relatively new, or has experienced a period of rapid growth within the past twenty or twenty-five years, it is likely to have a relatively large number of young men on the salary roll. On the other hand, if a department is decreasing in number by failing to fill vacancies, it will probably have a relatively large number of old men.

It was reported before the Courtney Comission in 1902 that the ratio of pension payments to salary payments was only about six per cent in the Post Office Department, whereas in the Customs and Treasury Departments the ratio was about thirty per cent. The ratio of pension payments to salary payments for the entire service was between sixteen and seventeen per cent.

As an additional illustration, we note that in 1915, the London Metropolitan Police had a payroll amounting to $10,060,914 for salaries

and $2,946,919 for the payment of pensions, from which we find that the current cost of pensions is over twenty-nine per cent of salaries.

Teachers' Pensions in Great Britain Since 1846 — Law Requires Actuarial Examination of Funds

Pensions for certain teachers have been paid in Great Britain since 1846. In 1862, action was taken which made it impossible to add to the existing pension roll, but this action was without prejudice to the validity of pensions already granted. In 1875, provision was made to grant further pensions, but with decided limitations as to the number of pensions to be allowed in England and Scotland together.

The Elementary School Teachers (Superannuation) Act of 1898 was the law through which Parliament for the first time established state pensions for teachers. The age of retirement was made 65 years. The law was amended in 1912 increasing the contributions.

Under the present provisions a man with forty years of service at age 65 receives a pension of seventy-eight pounds ($379.59), of which thirty-eight pounds ($184.93) are provided by his contributions and forty pounds ($194.66) from public funds. A woman, 65 years of age, with forty years of service, receives fifty-nine pounds ($287.12). Provision is made for the actuarial examination of the funds at stated times to determine whether the experience is in accord with expectations.

III. EXPERIENCES IN GERMANY

The provisions for civil service pensions apply, in general, to teachers and officers in the secondary and higher schools, but not to university teachers. The latter continue to draw their full salary for life although they are retired from active teaching.

As in England, we find the pensions for government employes on a non-contributory basis. It is estimated, in general, that the salaries are kept lower than those paid for similar work outside the government service. So far as government employes are concerned, there seems to be very little difference in principle in the German and English systems. Germany, in general, includes teachers in this non-contributory system, whereas in England the system for teachers is distinct and is contributory to the extent of providing about one-half of the benefits.

IV. EXPERIENCES IN AUSTRO-HUNGARY

In Austro-Hungary there is a thoroughly developed system of pensions for government employes, which dates back to 1771. It provides for widows, and orphans when both parents are dead. Unfor-

tunately, there are in reality about forty different pension systems in Austro-Hungary for different classes of civil service employes. The widows obtain about one-third of the active pay, and orphans about one-fifteenth each of the active pay.

Mr. Blascke, the noted actuary, has expressed the opinion that the pension situation has already probably entered into substantially its constant period. The annual pension payments amount to between thirty and forty per cent of active salaries.

V. EXPERIENCES IN FRANCE

Under the law of April 5, 1910, France has a system of pensions that is in the nature of annuities provided by equal payments from employes and employers into the funds created and to be used in accord with actuarial principles. This pension law applies not only to wage earners of all trades and professions but also to public employes not entitled to retiring allowances under previous laws and regulations.

The most important group exempted from the system inaugurated by the law of 1910 is the one composed of public employes subject to the law of 1853. This group receives annuities paid directly from the public exchequer, but deductions are made from salaries. In general, France makes comparatively large deductions from salaries to provide pensions.

VI. EXPERIENCES IN NEW ZEALAND

On account of the fact that New Zealand has been one of the most progressive countries in matters of pension plans and has tried various methods of dealing with the superannuation problem, it seems worth while to include this country in our study of experiences.

The plan of granting straight pensions and gratuities out of the treasury was begun in 1858, and continued for thirteen years, when it was abolished chiefly because of the cost of proceeding with the plan. For the next thirteen years, the government merely granted "compensation" (compensation for the loss of office) amounting to one month's salary for each year of service. From 1886 to 1893, five per cent was deducted from the salaries of civil service employes to be invested and returned with interest when such employes left the public service. In 1893 there was adopted compulsory insurance through the government life insurance office.

The general law enacted in 1907 applies to all permanent civil service employes not included in police, teachers' and railway funds. All new entrants into the civil service are compelled to join the fund.

It is a noteworthy feature that the rate of contribution varies from five to ten per cent of the salary, depending upon the age of the entrant into the service.

The plans under the special act for policemen, teachers and railway officers do not differ essentially from the plan under the general act.

LESSONS TO BE DRAWN FROM THE EXPERIENCES OF FOREIGN COUNTRIES

It is correct to say that in the practice of foreign countries, we find precedents for a great variety of systems. We find that the systems vary from those operating loosely without much regard for the probable future cost, to those kept actuarially sound on the theory that for each class of persons of given age and service there should be accumulating a sufficient fund to pay their pensions.

Main Lesson is: Provide an Adequate Reserve Fund

It is not likely that countries which began non-contributory pensions sixty years ago had the foresight to predict the present cost, but fortunately at the present time experience has taught us what we may expect if we operate a pension system with little or no regard to an adequate reserve fund. The testimony that some departments of the government in England, Germany and Austro-Hungary pay thirty to forty per cent as much for pensions as for salaries is the answer of experience.

CHAPTER XII

SUMMARY OF REPORT OF ILLINOIS PENSION LAWS COMMISSION OF 1916

Gave Figures Showing Existing Pension Funds Unsound—Lacking Adequate Provision to Meet Payments Promised

It is the purpose of the present chapter to summarize the Report of the Illinois Pension Laws Commission of 1916 in such a way as to emphasize a few important points, and to give a general notion of the field covered by that report, together with page references for convenience of the interested reader, who wishes to examine in more detail the results of the investigations mentioned in this brief summary. The Report of 1916 was devoted mainly to the following:

1. A comprehensive actuarial investigation of the financial condition of the five chief pension funds of Illinois.
2. An account of the operation of pension laws for public employes in other countries.
3. A historical sketch of the operation of pension laws for public employes in Illinois.
4. Provisions of pension laws for public employes in other states.
5. Data on the extent of public employment in Illinois with tenure such that employes may reasonably be included in a pension system.
6. Statistical data relating to each fund in Illinois.
7. The underlying principles of a sound pension system.
8. Concrete provisions of a normal or standard pension system.
9. Specific recommendations with respect to immediate legislation.

I. ACTUARIAL INVESTIGATIONS INTO THE FINANCIAL CONDITION OF THE FIVE CHIEF FUNDS IN ILLINOIS (REPORT OF 1916, PAGES 72-199)

Actuarial investigations were made of the five chief funds of the state. Each of the remaining funds involved too small a number of employes in the group to form a really sound fund. We shall comment briefly upon some of the significant results obtained from examination of each of the five funds.

$30,000,000 Deficiency in the Police Fund of Chicago. (Report of 1916, Pages 72-103)

There was found a deficiency of over $30,600,000; that is to say, it was found that in order to provide adequate reserves it would require over $30,600,000 besides the future contributions of employes provided for by law, to carry out this pension plan on behalf of present employes and present pensioners.

If the equivalent of $30,600,000 is not provided to cover this deficiency either the per cent of salaries contributed by employes and the city must be increased or the benefits must be decreased.

When the experience reaches the point where the system is carrying its ultimate normal load the outlay for pensions every year will be 34.3 per cent of the payroll. Stated in amounts rather than in per cent of salary of active employes, we may say that if the body of employes should remain stationary at 4,830 men, the pension payments would increase to $912,376 per year for men and $1,296,858 per year for widows and children. This gives a total of $2,209,233, which on the basis of present salaries is 34.3 per cent of the payroll.

It is an important observation that under the present plans, pensions to widows will cost a good deal more than the pensions of employes. (Report of 1916, page 94.)

On Proper Reserve Basis Would Cost 13.6 Per Cent

The scheme of financing that consists in creating proper reserves by contributions of employer and employe at the time service is rendered would require at all times a total contribution of 13.6 per cent of salaries to be set aside at 4 per cent interest to provide the benefits.

The law for the police fund has a loosely drawn provision for reserves on new entrants. If these reserves should consist in setting aside for the benefit of such new entrants an amount equal to 13.6 per cent of all salary payments of the policemen, it would result, with the size of the police force of January 1, 1916, that it would require on behalf of the 219 new men per annum necessary to keep up the service, the following amounts per annum, depending upon the year of operation:

Year of Operation	*Amount to be Set Aside*	*Year of Operation*	*Amount to be Set Aside*
1	$ 35,000	20	$635,000
5	175,000	25	755,000
10	339,000	30	848,000
15	493,000	35	879,000

Cost Under Police Fund Law Will Rise to 40 Per Cent of Salaries

The 1916 Report of the Illinois Pension Laws Commission, pages 101-102, showed that if the number of active employes (4830) should remain constant, the pensions would in twenty years from 1916 be costing over 30 per cent of salaries and that in forty years they would be costing 34.3 per cent of salaries. If the financing is done, as provided in the police fund law, by creating reserves on new entrants after January 1, 1916, and requiring the balance needed to be provided on a cash disbursement basis, the maximum current load will come about 1940. At that time, the current load would be about $2,600,000, which equals 40 per cent of the salaries.

$13,000,000 Deficiency in the Firemen's Fund of Chicago, (Report of 1916, Pages 104-123)

There was found a deficiency of over $13,700,00; that is to say, it was found that in order to provide adequate reserves, it would require over $13,700,000 besides the future contributions of employes provided for by law to carry out the present plan on behalf of present employes and present pensioners.

When the experience has reached the point where the system is carrying its ultimate normal load the outlay for pensions every year would be 36.6 per cent of the payroll. Stated in amounts rather than in per cents of salary of active employes, we may say that if the number of firemen should remain stationary at 1973 men, the pension payments would increase to $512,960 per year for men and $559,914 per year for widows and children.

This gives a total of $1,072,874, which is 36.6 per cent of the salary payroll. The scheme of financing that consists in creating proper reserves would require only 15.87 per cent of salaries to provide the benefits after the reserve plan is in full operation.

The general condition of the firemen's fund is entirely similar to that of the police fund as explained above.

$5,000,000 Deficiency in the Teachers' Fund of Chicago. (Report of 1916, Pages 124-146)

There was found a deficiency of over $5,600,000; that is to say it was found that in order to provide adequate reserves it would require over $5,600,000 besides the future contributions of teachers and of the board of education as provided by law, to carry out the pension plan on behalf of present teachers. When the system has reached the point where it is carrying its ultimate normal load the outlay for pensions per year would be 7.06 per cent of the payroll.

The present value of the deficiency of $5,601,199, shown in the balance sheet (Report of 1916, page 146), is due to the accrued liabilities that were assumed when the pension system was started and to the fact that the system was in operation for a number of years before the Board of Education began to contribute on the present basis.

However, the contributions are not sufficient to pay both the pensions and the interest on the deficiency and the deficiency will increase under the present conditions.

$7,000,000 Deficiency in the Municipal Employes Fund of Chicago. (Report of 1916, Pages 147-160)

The deficiency of January 1, 1916, was perhaps in the neighborhood of $7,000,000. This fund had at that time had no experience with the payment of pensions, but had been merely accumulating funds during the first five years of its existence. The actuaries were therefore obliged merely to assume some age of retirement, and this deficiency of $7,000,000 corresponds to assumptions that retirements will take place on the average at about sixty years.

Percentage Estimate on Illinois State Teachers' Pension and Retirement Fund. (Report of 1916, Pages 161-167)

The available data on this fund was too limited on January 1, 1916, to estimate with fair accuracy the accrued liability. It was necessary to make assumptions as to the rates of withdrawal and retirement at different ages. On the basis of the data which were collected on over 21,000 teachers it seemed fairly safe to say that in the ultimate state, the pension payments each year would amount to a sum between seven and twelve per cent of the annual salary payments.

II. OPERATION OF PENSION LAWS IN OTHER COUNTRIES. (REPORT OF 1916, PAGES 19-35)

In many foreign countries retirement allowances are paid to public employes in all cases where the tenure of office is practically permanent. There is a decided contrast between this condition and that which exists in the United States. Our federal government makes no provision for pensions for civil service employes. The contrast is the more striking when we take into account the fact that the United States pays enormous amounts of war pensions in comparison with those of foreign countries. In England and other European countries the problem of pensions for government employes has received attention for more than one hundred years, and pensions have been paid since that time. During this time many unsuccessful experiments have

been attempted, which we, in this country, are inclined, perhaps unwittingly, to repeat.

"It is not likely that countries which began non-contributory pensions sixty years ago had the foresight to predict the present cost, but fortunately at the present time experience has taught us what we may expect if we operate a pension system with little or no regard to an adequate reserve fund. The testimony that some departments of the governments in England, Germany and Austro-Hungary pay from thirty to forty per cent as much for pensions as for salaries is the answer of experience." (Report of 1916, page 35.)

III. HISTORICAL SKETCH OF PENSION LAWS FOR PUBLIC EMPLOYES OF ILLINOIS. (REPORT OF 1916, PAGES 36-41; PAGES 205-265)

Beginning in the year 1852 a large number of pension laws have been enacted in Illinois. The first general Illinois pension law for public employes was enacted in 1874. It gave cities the authority to establish funds for the benefit of policemen and firemen disabled in the discharge of duty and for their dependents if they were killed. The benefits have been greatly extended to include service pensions and benefits to dependents even when no injury was received in the performance of duty. A tabular digest showing these extensions is given on pages 205-239 of the Report of 1916. Furthermore, teachers, municipal employes, and certain other special groups now have pension systems. Indeed about 55,000 public employes in Illinois are involved in some pension system.

There are sixteen distinct laws in force. For fifteen of these laws a tabular digest is shown on pages 241-265, Report of 1916, and the remaining law, which is for teachers in state institutions, simply duplicates the provisions of the law for the Illinois State Teachers Pension and Retirement Fund.

IV. PROVISIONS OF PENSION LAWS OF OTHER STATES. (REPORT OF 1916, PAGES 42-71)

As shown in this part of the 1916 Report, there is an immense amount of legislation on the statute books of various states pertaining to pensions for policemen and firemen, a lesser amount for teachers, and an appreciable but smaller amount for certain other municipal and state civil service employes. The specific provisions of these laws are so varied in their character that it seems impossible to give in very brief space a valuable notion of the provisions. But it is a fair statement that, with but few exceptions, the benefits are promised

with practically no regard to the cost or to adequate methods of providing the funds necessary to pay the benefits.

The laws of Massachusetts for teachers and for civil service employes furnish an important exception. It is perhaps well to say here that New York, Pennsylvania and Connecticut laws for teachers enacted since the publication of the 1916 Report are also exceptions to the statement. These sound pension laws are discussed in Chapter X.

V. DATA ON THE EXTENT OF PUBLIC EMPLOYMENT IN ILLINOIS WITH TENURE SUCH THAT THE EMPLOYE MAY REASONABLY BE INCLUDED IN A PENSION SYSTEM. (REPORT OF 1916, PAGES 200-203)

It was found that "on January 1, 1916, there were in Illinois 77,791 public service employes. Of these, 30,550 were under civil service and 47,241, including 34,191 teachers, not under civil service. Of the 77,791 public service employes, 55,350 were under pension legislation and 22,441 were not under pension legislation. Of the 22,441 not under pension legislation, 9,906 were under civil service. Those consist of State employes, 5,509; employes other than policemen in the park systems in Chicago, 2,790; county employes, 1,248; and employes in Springfield and Evanston other than policemen and firemen, 359." (Report of 1916, page 18.)

As explained in the Report of 1916, page 200, some of the figures are accurate while others are merely rough estimates.

VI. STATISTICAL DATA RELATING TO EACH FUND IN ILLINOIS. (REPORT OF 1916, PAGES 168-199)

This includes financial statements from funds that involve too few employes for an actuarial investigation and certain data from the larger funds that were not presented in the actuarial report.

VII. THE UNDERLYING PRINCIPLES OF A SOUND PENSION SYSTEM. (REPORT OF 1916, PAGES 271-284)

Under this topic, the following questions are considered:

(a) Whom does a pension system for public employes benefit? (Loc. cit. pp. 273-275.)

(b) Who should be beneficiaries? (Loc. cit. pp. 275-278.)

(c) What age and length of service should be required for a pension? (Loc. cit. pp. 278-280.)

(d) What should be the method of providing funds to pay pensions? (Loc. cit. pp. 280-283.)

(e) Granting that employer and employe should both contribute, what should be the ratio of the contributions of the public as an employer to those of employes? (Loc. cit. p. 283.)

(f) What should the plan of management of a pension fund be? (Loc. cit. p. 284.)

VIII. CONCRETE PROVISIONS OF A NORMAL OR STANDARD PENSION PLAN. (REPORT OF 1916, PAGES 285-294)

The suggested provisions were intended to be merely of a tentative or illustrative character, but they show one of many ways of putting into concrete provisions the underlying principle that funds to pay pensions should be provided on a reserve basis by setting aside for accumulation at interest proper amounts to pay the pensions promised.

IX. SPECIFIC RECOMMENDATIONS WITH RESPECT TO IMMEDIATE LEGISLATION. (REPORT OF 1916, PAGES 299-302)

It is clear from the Report of 1916, page 299, that the recommendations are made with a view to improving somewhat the conditions of some of the larger funds that urgently need attention, and not with the thought that the changes proposed would create a situation that should not be subject to thoroughgoing revision along the lines of the underlying principles of a sound pension system.

CHAPTER XIII

EFFECTS OF THE PENSION LEGISLATION OF 1917 BY THE FIFTIETH GENERAL ASSEMBLY OF ILLINOIS

Existing Funds Still Left on Unsound Basis—Without Permanent Provision to Meet Their Accrued and Accruing Liabilities

Pension legislation of the Fifteenth General Assembly involved the enactment of one new act, namely, that creating a State Institutions Teachers Pension and Retirement Fund, and the revision of acts relative to the funds for Chicago policemen, Chicago firemen, Chicago municipal employes, policemen in cities of 5,000 to 100,000 population, and firemen in cities of 5,000 to 200,000 population.

CREATION OF STATE INSTITUTIONS TEACHERS PENSION AND RETIREMENT FUND

This extends to teachers in state educational, correctional, and charitable institutions (excluding the University of Illinois) supported in whole or in part by public moneys of the state the same provisions as to benefits and as to contributions of employes as exist for public school teachers under the Illinois State Teachers Pension and Retirement Fund. The revenue from other sources than employes' contributions consists of donations, legacies, etc., and such funds as the General Assembly shall from time to time appropriate, and other moneys received from any legal source.

REVISION OF THE ACTS RELATING TO EXISTING FUNDS FOR CHICAGO POLICEMEN, CHICAGO FIREMEN, CHICAGO MUNICIPAL EMPLOYES, POLICEMEN IN CITIES OF 5,000 TO 100,000 POPULATION, AND FIREMEN IN CITIES OF 5,000 TO 200,000 POPULATION

The chief features of the revision of these acts are the following:

1. Increase in financial support.

2. Modification in one law involving a possible decrease in financial support.

3. Fixing a minimum age of retirement of policemen and firemen in Chicago.

4. Change in pensions for widows of policemen in Chicago, and change in pensions of children of both policemen and firemen in Chicago.

5. Increase in pensions to higher officers of the Chicago police.

6. Limitations of pension of any officers of Chicago fire department to $3,000 per annum.

1. Increase in Financial Support for Certain Funds

This increase in financial support consisted essentially in increasing both the contribution of the employes and of the cities.

The employes' contributions were increased as follows: For the Chicago Police Fund from two per cent to two and a half per cent of salaries, with the further provision that if a participant retired before attainment of age 50 but after 20 years of service, he must pay five per cent of his salary from the time of retirement until attainment of age 50; for the Chicago Firemen's Fund from one per cent to two and a half per cent of salaries with a like provision regarding retirement before age 50 to that of the Police Fund; for the Municipal Employes' Fund of Chicago, from $2.00 per month to $2.50 per month.

The City of Chicago as an employer increased the tax levy from seven tenths to nine tenths of a mill on the dollar for the Police Fund, and from three tenths to five tenths of a mill on the dollar for the Firemen's Fund, and from an amount equal to the amount deducted during the previous year from the salaries of employes to twice the amount so deducted for the Municipal Employes' Fund.

A tax of three tenths mill on each dollar of taxable property in the city, village, or town concerned is to be levied for a period of three years beginning in 1918 for the Policemen's Pension Funds in cities, villages, and towns of from 5,000 to 100,000 inhabitants. For the Firemen's Funds in cities, villages, and towns of from 5,000 to

200,000 inhabitants, the tax levy of three tenths mill on the dollar provided in the 1916 law was extended to the years 1918 and 1919. There were also a few other minor changes of but little significance.

2. Modification Involving a Possible Decrease in Financial Support

The modification of this character refers to the change in respect to tax levy of three-tenths mill for the funds of firemen in cities of from 5000 to 200,000 population. The modification provides that the tax levy may be dispensed with if the sum in the fund over and above the "reserve" fund is sufficient to meet all demands of those requiring payment from the fund. The term "reserve" is used very loosely in this provision, but it probably means, judging from another provision of the law, a sum equal to $15,000 in cities, villages, or towns of from 5000 to 25,000 inhabitants, and $25,000 in cities, villages, and towns of from 25,000 to 200,000 inhabitants.

3. Fixing of a Minimum Age of Retirement

The conditions for a pension for a fireman or a policeman in Chicago were changed so as to prescribe a minimum age of fifty for retirement in addition to twenty years of service. For the reasons for the requirement of a minimum age of retirement, see pages 277-278, Report of Illinois Pension Laws Commission of 1916.

4. Change in Pensions for Widows and Children

Under the law in force prior to July 1, 1917, the widow of a deceased policeman, or if there was no widow, the children under sixteen years of age, received the same pension that the deceased employe would have obtained if he were living and on pension, no distinction in amount of pension being made on the basis of the size of the family of children. In the revision of this act, widows and children are provided for separately. In this it follows the Chicago Firemen's Act, in which separate provisions are made for widows and children.

Under the acts as revised, the widow of a policeman receives $50 per month, and the widow of a fireman $45 per month. If the widow of the deceased employe is living, there is to be paid a pension of $10 per month for each child under eighteen, if such child is attending school. If the policeman leaves no widow surviving him, or if his widow should die before each child arrives at the age of eighteen years, then each child under eighteen while attending school shall receive a pension of $15 per month. If the child ceases to attend school, the pension is reduced $5.00 per month.

Another important change made consists in fixing the pension of the widow of a policeman who died before he had twenty years of service. Under the act before it was revised, a pension equal to one-half the salary of the policeman at the time of death was paid to the widow provided the policeman had at least ten years of service, and was married at least two months before his death. Under the revised act the pension of the widow is fixed at $2.50 per month for each year of service but not to exceed half his salary.

5. Increase in Pension to Higher Officers of Chicago Police Department

The amounts of pensions to higher officers was increased from half salary with a maximum of $900 a year to amounts as follows:

1. If the officer was on pension prior to July 1, 1917, and of the rank of captain or above, $1000.

2. If the officer entered on pension after July 1, 1917:

General Superintendent	$1300
First Deputy	1150
Captain	1100
Lieutenant	1000

6. Limitations on Amount of Pension to Any Officer of the Chicago Fire Department to $3,000 per Year

The revision changed the pensions for Chicago firemen from half salary to half salary with a maximum of $3000 per year. This change under present salary conditions would affect the pension of only one official in the department.

EFFECT OF THE ACTS OF THE FIFTIETH GENERAL ASSEMBLY ON THE FINANCIAL CONDITIONS OF PENSION FUNDS FOR PUBLIC EMPLOYES

THE CHICAGO POLICE FUND

The valuation of this fund (page 103, Report of Illinois Pension Laws Commission, 1916) as of January 1, 1916, showed a deficit of $30,602,879. The meaning of this deficit may perhaps be better understood by saying that it would have required $30,602,879 on hand on January 1, 1916, in addition to contributions expected of employes, and other assets on hand, to carry out the pension plans for pensioners on the roll, and on behalf of active employes in service January 1, 1916. Stated in another form, a subsidy of $30,602,879, added to assets and contributions of employes, would provide pensions pre-

scribed by law for the pensioners of January 1, 1916, and for those who will become pensioners from the active force of January 1, 1916.

The financial situation can perhaps be realized if we assume that $30,602,879 could be borrowed at 4 per cent to provide the funds that would be required to carry out the plans. It would require $1,224,-115 per annum to pay the interest on the sum borrowed. This amount would be needed annually in addition to what would be required on account of new entrants after January 1, 1916, to create the adequate reserves on behalf of such new entrants. The amount required to create reserves on behalf of new entrants would begin with a small amount of about $35,000 the first year of operation, and rise gradually to nearly $900,000 a year when in full operation. Moreover, the fund would continue to have a deficit equal to the amount borrowed.

The aim in what follows is to estimate the financial effects of the revision of different provisions of this act by the Fiftieth general Assembly.

Increase in Financial Support Improves Fund Somewhat

The effect of raising contributions to 2½ per cent would be to improve the fund by $322,812. The nine-tenths mill tax-levy on the dollar gives an income of approximately $900,000 per year, or at 4 per cent a capitalized value of $22,500,000 if we regard the $900,000 as a perpetuity. If, however, we give credit for the capitalized value of $900,000 per year as a perpetuity we must also hold as a liability the present value of prospective pensions to future entrants required to keep up the service. The value of pensions to future entrants discounted to the present time at 4 per cent is $14,718,154.

It should be noted especially that the improvement in the fund as shown by the change in the balance sheet is due mainly to the fact that the $900,000 per year from taxation is credited as a perpetuity.

Fixing of a Minimum Age of Retirement Reduces Cost

There were on January 1, 1916, fifty-three service pensioners under age of fifty out of a total of 555 service pensioners. In the service table (pages 87-88, Report of 1916), it is shown that there are 3899 pensions taken under age fifty out of a total of 33,357. It is a fair estimate that the present value of the amount necessary to keep up the pension to employes under age fifty is $1,000,000. This estimate is not an accurate determination but is near enough to be used in forming a general notion of the change in the financial status of the fund through the introduction of a minmum age of retirement.

Changes in Pensions of Widows and Children of Employes a Small Item

The change from half salary at the time of retirement to $50 per month would save some money for this fund if the change applied to the present scale of salaries. But the law provides for increasing to $50 per month the pensions of those widows who were receiving pension of less than this amount. On the whole, with a pension of $600 per year for all widows, the expense of widows' pensions for those who are at present on the pension roll will be very little less than under the old law.

Furthermore, the pension of $2.50 per month for each year of the deceased husband's service with a maximum of $50 per month is not much different in expense from the pension of half salary offered to widows under the condition that the husband must have ten or more years of service.

The children's pensions will probably cost three or four times as much under the new law as under the superseded law, but in any case the children's pensions constitute a relatively small item. In short, the change in the financial status of the fund owing to changes in the provisions for pensions to widows and children will be small.

Increasing Pensions to Higher Officers of the Chicago Police Department Adds $300,000 to the Deficit.

The following list indicates the number of higher officers among the present pensioners of the Chicago Police Fund as of August, 1918:

General Superintendents	1
First Deputies	—
Assistant Superintendents (Old Classification)	2
Inspectors (Old Classification)	4
Captains	20
Lieutenants	20

It is possible to determine only roughly the increase in the deficit that this change caused, but the present value of the increase certainly amounts to $300,000, and probably to considerably more.

Total Effect of 1917 Legislation on Police Fund—Leaves $21,000,000 Deficit

If we bring together the financial effects of the various factors treated above, giving credit for the capitalized values of income, and charge as a liability the present value of pension rights, including those to future entrants required to keep up the service, we have a deficit on January 1, 1918, of $21,753,000. When we thus look at the total

effects of the legislation of the Fiftieth General Assembly on the fiancial condition of the Chicago Police Pension Fund, we can say that the financial situation has been slightly improved by the introduction of a retirement age, by requiring increased contributions, and possibly very slightly by change in widows' pensions. It has been made worse by the increase in pensions to higher officers. It has also been affected adversely by the change in children's pensions.

It is a safe statement that the condition of the fund as judged by the deficit on present employes is not so good as it was two years ago by about $700,000, if we should credit the receipts for two years from the nine-tenths mill tax-levy instead of regarding the $900,000 per year as a perpetuity, but the condition is, of course, better than it would have been had no legislation been enacted.

Police Fund Condition Will Grow Worse Unless Law Is Changed

With an annual income too small to pay the interest on the accrued liabilities, it is perfectly clear that the condition of this fund will grow worse, unless decided changes are made. On the present basis, it would require for pensions in twenty years from now 30 per cent of the amount required for salaries. This means that the system will fail unless there are great increases in the contributions or great decreases in benefits, or a compromise by increasing contributions considerably and decreasing benefits considerably.

THE CHICAGO FIREMEN'S FUND

The valuation of this fund (page 123, Report of Illinois Pension Laws Commission, 1916) as of January 1, 1916, showed a deficit of $13,772,011.

An explanation of the meaning of such a deficit is given above in considering the effects of 1917 legislation on the Police Fund of Chicago.

The financial situation would perhaps be realized if we assumed that $13,722,011 were to be borrowed at 4 per cent to carry out the plans. It would first of all require $550,880 per annum to pay the interest on the sum borrowed. If we are to put the pension fund on a reserve basis, it would require in addition to this interest, the amount necessary to create reserves on the entrants to the service after January 1, 1916. By providing merely the funds to pay interest and to create reserves on new entrants, there would remain permanently the deficit of $13,772,011. Moreover, the amount required annually to provide reserves on new entrants would increase until the entire service consisted of new entrants.

Effect of Increase in Financial Support Is Decrease in Deficit of Firemen's Fund

The change from one to two and one-half per cent of salaries changes the present value of the contributions expected from present employes as given in the 1916 Report (page 123), from $328,805 to $822,012, or by an amount equal to $493,207. The amended law provides for a tax levy not to exceed five-tenths mill on each dollar of taxable property in Chicago. This five-tenths mill on each dollar will provide about $500,000 annually on the present valuation of Chicago property. The present capitalized value of the $500,000 at 4 per cent is $12,500,000. But future entrants are involved and the present value of their benefits is $6,883,962, to be held as a liability.

Establishing a Minimum Age for Retirement of Firemen Yields Substantial Cut in Costs.

The change from merely twenty years of service as a condition for a pension to twenty years of service and the attainment of age 50 improves somewhat the condition of the fund. It is our purpose to make an estimate of the change this will make in the cost of pensions for firemen.

The effect will be similar to that discussed under the police fund, but it will be a little more marked, because relatively more firemen than policemen have retired at ages under fifty.

There were on January 1, 1916, twenty-five service pensioners under age fifty out of a total of 164 service pensioners on the roll of the firemen's fund. In the service table (pages 108-109, Report of 1916), there are 6528 pensions taken at ages under fifty, out of a total of 32,520 pensions. The introduction of the retirement age 50 will probably reduce the cost of pensions to employes by ten to fifteen per cent when the system is in full operation, but it will not affect widows' pensions by a significant amount. Expressed in a total amount, this change will decrease the deficiencies by nearly $500,000.

Increase in Children's Pensions Adds Somewhat to Liabilities

The children's pensions are changed from $8.00 per month to $10.00 per month if the mother is alive. This would increase the accrued liability shown on page 123, Report of 1916, on account of children's pensions by perhaps $17,000.

Legislation of 1917 Leaves Chicago Firemen's Fund with $7,000,000 Deficit

When we thus look at the sum total of the effects of the legislation of the Fiftieth General Assembly on the financial condition of

the Firemen's Pension Fund of Chicago, we can say that the financial situation has improved by the increased contributions of both city and employes, and by introducing a minimum age for a pension.

If we bring together the financial effects of the various factors treated above, giving credit for the capitalized value of income, and charge as a liability the present value of the pension rights, including those to future entrants required to keep up the service, we still have a deficit of about $7,200,000. This deficit will increase, for there is no source of revenue to provide funds for interest.

Similar to the police fund, the improvement as shown by the balance sheet is due mainly to crediting receipts from taxation in perpetuity, modified by the cost on account of future entrants.

Calls for Decided Changes

It is a safe statement, however, that the deficiency was larger on January 1, 1918, than two years before by nearly $300,000, if we simply credit the receipts from the five-tenths mill tax lavy for two years instead of crediting a perpetuity of $500,000. Unless decided changes are made, the deficiency will increase much in years to come.

THE MUNICIPAL EMPLOYES' FUND OF CHICAGO

At the date of the actuarial examination of the Chicago Municipal Employes' Fund, January 1, 1916, there had been no pensions paid from this fund. There having been no experience as to rates of retirement at various ages, it was necessary to investigate the fund on the basis of certain hypotheses as to the average age of retirement. In fact, the investigation was based on four different hypotheses: Retirement at age 55, at 60, at 65, and at 70, if the employe was eligible with respect to service. Pensions have been paid since July 1, 1916.

Average Age of Retirement of First 326 Annuitants Is High

A report on the fund as of September 1, 1918, shows that 326 persons were granted pensions in the interval from July 1, 1916, to September 1, 1918. The average age of retirement was:

For service pensioners........................ 64.9
For disability pensioners..................... 54.6

This average for service retirement would not be fair as an average, however, to accept for the fund in the future, since many of these retired men would have accepted the pensions sooner if pensions could have been obtained before July 1, 1916. That is to say, the average age of retirement during the interval July 1, 1916, to September 1, 1918, was higher than the average to be expected in the future.

It should be stated here that the disability benefits under this fund are being granted in cases of temporary disability. Of the 326 beneficiaries, ninety-two were retired for disability. Indeed, the disability provision has proved much more expensive than was contemplated in the actuarial valuation of this fund. This is due to both the facts that pensions are granted for temporary disability extending beyond sick leave and that there is a group of old employes who have not sufficient service to be retired on service pensions.

In considering the effects of the acts of the Fiftieth General Assembly on the financial condition of this fund, it seems desirable to trace the effect both when we assume retirement at fifty-five and at age sixty, if the employes are eligible. With the unexpected increase in cost of disability pensions, it seems clear that it would be unsafe to consider that sixty-five, or a higher age, is a proper age to assume in computing the financial obligations of the fund.

$7,000,000 Deficit on the Hypothesis of Retirement at Age 55* When the Employe Satisfies the Service Requirement

When we consider new entrants to the system, it turns out by calculations based on figures on page 151 of the Report of the Illinois Pension Laws Commission of 1916 that if the employes enter at age 29, the funds created from contributions of employes and those of the employer amounting together to $7.50 per month per employe would supply the necessary funds to provide the pensions. For younger ages of entrance, more than is necessary would be supplied. For older ages of entrance, less than is necessary would be supplied. When we consider present employes under the assumption about retirement at age 55, and modify the balance sheet on page 159 of the 1916 Report, we find that with the increase in contributions of the employe to $2.50 per month and with the addition to assets of twice this amount from the employer on behalf of each employe, the indicated deficiency of $9,596,090 would be reduced to about $7,000,000.

In the experience examined the average age of entrance was between thirty-two and thirty-three, but we may probably well expect a reduction in this age.

If the age of entrance for new entrants were below twenty-nine years, the fund would have some further assets, if we include the future entrants, but 29 is too low an average age to assume for entrance, and further liabilities would exist if we should include future entrants with retirements at 55.

*The assumption regarding retirement at age 55 includes the fact that those not eligible to retire at age 55 will not retire until age 60.

$3,000,000 Deficit on the Hypothesis of Retirement at Age 60 When the Employe Satisfies Service Requirements, and When the Future Entrants are Included

To estimate the effect of changes in legislation with retirement at age sixty, we give attention to figures on pages 152 and 159 of the 1916 Report.

For new entrants to the system, if they enter at age 34, the revenue provided from contributions of employe and employer would, when added to gains from withdrawals, provide the necessary funds. There is therefore a certain addition to assets to be expected on account of the fact that future entrants will on the average probably enter considerably under age thirty-four. In considering present employes and future entrants with an assumed age of entrance at 31, we modify the balance sheet on page 159 of the 1916 Report. We find that by the increase in revenue when we take credit for the value of $7.50 per month on behalf of each employe, throughout all his remaining probable service, and take credit for the capitalized value of excess on future entrants, the deficiency is reduced to about $3,000,000.

It should be noted that above under assumption of age 55; and, in valuations of the 1916 Report, we have not held as a liability any deficiency on future entrants necessary to keep up the service. Our balance sheets dealt with present employes, and present pensioners. In a way, consistency would demand if future entrants are disregarded when they are in the nature of a liability, that they should be disregarded when they are in the nature of an asset. However, we hope to avoid any incorrect impression on this point by giving values both when future entrants are included and when they are excluded. The future entrants are, under our hypothesis of retirement at 60, in the nature of an asset only because of gains from withdrawals and deaths during the service period. Otherwise they would be in the nature of a liability.

Without the credit from future entrants, the deficit would be in the neighborhood of $5,000,000.

If we should make the examination on the basis of retirement at 65 on the part of all eligible employes, we should find that the funds to be provided would carry all the expected obligations.

We may, however, well recall that the disability pensions are being given in cases of temporary disability, and will cost more than has been anticipated in the actuarial valuation. Indeed, there is no reasonably accurate way of determining at present the cost of such temporary disability.

More Legislation Needed for Permanence of Municipal Fund

The financial provisions under the amended law are still inadequate to put this fund permanently on a sound financial basis, unless the retirement age were advanced to about sixty-five years, and the disability benefits were confined to cases of what is adjudged permanent disability.

FUNDS OF POLICEMEN IN CITIES OF FROM 5,000 TO 100,000 INHABITANTS

The tax levy of three-tenths mill on each dollar of taxable property was made an important source of revenue. Since these funds taken separately involve such small numbers that they cannot be treated as actuarially sound, we cannot say to what extent this tax will improve the condition of such a small fund. When a particular small fund happens to have no pensioners, it seems to be getting along well, but the day is almost sure to come when such a small fund will be carrying so much more than an average burden that it will be unable to pay the pensions. It is simply impossible to operate a sound pension system with as small a group of men as the policemen or firemen of a small city.

FUNDS OF FIREMEN IN CITIES OF FROM 5,000 TO 200,000 INHABITANTS

The modification that the tax levy of three-tenths mill continued for two years 1918 and 1919 may be dispensed with if a certain amount is in the fund was made without any real knowledge as to whether the amount is sufficient.

FUNDS OF PARK POLICE

The contributions were increased from two to two and one-half per cent of salaries. This change is the same as that for Chicago city policemen with respect to contributions.

REMAINING FUNDS

The legislation was not such as to change materially the financial condition as presented in the Report of the Illinois Pension Laws Commission of 1916.

CHAPTER XIV

ILLINOIS STATE TEACHERS' PENSION AND RETIREMENT SYSTEM

Group of Teachers Involved—26,000 Outside of Chicago and Peoria

All persons employed to teach in the public schools of the state outside Chicago and Peoria may participate in this system. The teachers employed for the first time after July 1, 1915, are required to participate. Those previously employed have the option of participation.

If all the teachers should elect to participate, the system would involve about 26,000 active teachers, and the corresponding pensioners.

The law has been in force since July 1, 1915. In July, 1918, there were 582 persons retired on full annuities of $400 each.

The average age of retirement was 58.81 years.

An annuity of $400 per year to a man now of age 58.81, payable in monthly installments, has a present value of $4,203 based on the American Experience Table of Mortality and 4 per cent interest.

The average years of service of the retired teachers was at least 29.9 years. We say "at least" because some teachers probably reported only sufficient experience to fully satisfy the conditions for the pension.

Benefits Include Retirement and Disability Annuities

To Service Pensioners—Annuity of $400 per annum is paid to a teacher who retires after the attainment of age fifty, having served in the public schools of the United States for at least twenty-five years, the last fifteen of which have been spent in the public schools of Illinois, and provided the teacher has paid the sum of $400 into the fund.

To Disability Pensioners—Annuity of $16.00 per annum for each year of service, not to exceed $400 per annum, is paid to one who retires on account of disability, provided the person has been in service in the public schools of the United States for fifteen years, the last nine of which have been spent in the public schools of Illinois, and provided also that the sum of $400 has been paid into the fund by the teacher.

Contributions Both from the Teacher and the Common School Fund

From the Teacher—Those who have taught ten or fewer years contribute currently $5.00 per year. Those who have taught more than ten but not more than fifteen years contribute currently $10.00 per year. Those who have taught more than fifteen years contribute $30.00 per year.

From the State—From the common school fund an amount sufficient to meet all the demands on this pension and retirement fund, which amount, until otherwise provided by law, is fixed at one-tenth mill upon each dollar of the assessed valuation of all taxable property of the state, exclusive of cities and school districts not coming under the system.

CONTRAST BETWEEN THE PENSION SYSTEM FOR ILLINOIS TEACHERS AND THE SOUND PENSION SYSTEMS FOR TEACHERS IN CERTAIN OTHER STATES

Beginning with the Massachusetts law of 1913, there has been in this country a tendency towards financially sound pension systems for teachers. This tendency showed itself most decidedly in the pension laws recently enacted for teachers in the City of New York, and for the entire State of Pennsylvania. (See Chapter X, this Report.)

It is our purpose to point out a few of the striking contrasts between these sound pension systems for teachers and the corresponding system in operation in Illinois. Since the law for teachers' pensions in Pennsylvania is of state-wide application, our purpose will be well served by taking this law as an example for a contrast with the law in Illinois that may also be said to be of state-wide application, since it involves the entire state, with the exception of Chicago and Peoria, and since these cities have in operation pension systems almost identical with the state-wide system.

1. Contrast with Respect to the General Plan of Financing the System

On the one hand, the Illinois system operates with little or no regard to future costs. The cost will gradually increase with the present size of the teaching force until the cost will be between seven and twelve per cent of salaries. (Report of the Illinois Pension Laws Commission of 1916, page 167.)

On the other hand, the Pennsylvania system operates in such a way that the average contribution per member of the teaching force by teacher and public will not need to be increased as time goes on.

The Pennsylvania system is a scientific reserve system, while the Illinois system is an unscientific system that is likely to operate on practically a cash disbursement basis.

Under the Pennsylvania system, the equities of individual teachers are protected by holding the reserves that stand to the credit of individuals as liabilities of the fund, and by providing the corresponding assets.

Under the Illinois system accounts are kept with individuals showing merely their own contributions, but not showing the contributions of the public on behalf of individuals. Furthermore, the credits to individuals are not treated as a liability of the fund.

Under the Pennsylvania system, when the employe withdraws from the service, without a pension, he receives all his own contributions with compound interest at 4 per cent, while under the Illinois system, the withdrawing employe receives one-half of the sum contributed, if the contributor ceases to teach before serving fifteen years, but he receives no refund if he withdraws after giving more than fifteen years of service. The Pennsylvania law protects individual equities in a fund set aside for pension purposes, whereas the Illinois law provides but slight protection against losing what the teacher contributes.

2. Contrast with Respect to Conditions as to Ages and Service for Retirement on Pension

Under the Illinois law, any teacher may receive a pension who has taught twenty-five years, and is at least 50 years old.

Under the Pennsylvania law, the teacher must be at least 62 years old.

This difference in ages of retirement would make an immense difference in the costs of two systems that were otherwise alike. Furthermore, a difference in age so marked as that between fifty and sixty-two years seems to require a different basis for the justification of the pension payments. In case of retirements of healthy men at 50, it can hardly be maintained that a life work has been given to the teaching service, and that a pension should be paid on that ground. In New York, the minimum age of retirement of teachers on pensions is 65 years—somewhat higher than the age in Pennsylvania, but it is provided in the case of 35 years of service that the teacher may be retired for the good of the service before the attainment of age 65.

3. Contrast with Respect to Amount of Pension

Under the Illinois law, the pension is $400 per year, regardless of the salary.

In Pennsylvania, the aim is to provide a pension of one-half the average salary during the last ten years of service. More precisely, however, the retirement annuity for a Pennsylvania teacher is the annuity that can be provided with accumulated funds from the contributions of employe and employer, known in advance to be just sufficient to provide a total benefit of one-half salary per year, if the teacher was advanced in salary in conformity to an average salary scale.

4. Contrast with Respect to Contributions

Under the Illinois system, the contributions of the teacher are $5.00 per year for the first ten years of service, $10.00 per year for the next five years, and $30.00 per year thereafter.

Under the Pennsylvania system, the teacher is to contribute by deductions from salary one-half the funds required to pay the retirement annuities. The amount of contributions takes the form of a percentage of salary. Taken as a whole, much larger contributions are required of the teacher in Pennsylvania than in Illinois, but the teacher of Pennsylvania is thoroughly protected against losing what he puts into the fund in case of withdrawal from the service.

The striking difference between the systems is that the contributions of employe and public made by or on behalf of teachers in Pennsylvania are known to be adequate to provide the benefits, while in Illinois it will require large increases in the appropriations from the public to carry out the system, and no one can know very accurately how much will be required, because of the uncertainty about the rate of withdrawals from the teaching service.

SUMMARY OF CRITICISMS — RETIREMENT AGE LOW, FINANCING INADEQUATE

Taken as a whole, this pension system offers a pension at an unnecessarily early age and of a uniform amount to a very heterogeneous group with respect to living expenses. The amount of the pension being uniform, it bears no relation to the particular needs of the individual or to the value of the service of the individual.

The greatest financial defect of the system lies in the fact that entirely inadequate contributions and appropriations are being made to support the system. This much can be said safely although no very accurate determination can be made of the future cost on account of the fact that rates of withdrawal based on past experience are not likely to be a safe guide for the future.

CHAPTER XV

INDUSTRIAL AND INSTITUTIONAL PENSION SYSTEMS

Many Retirement Funds Established by Railroad, Manufacturing, Banking, Mercantile and Telephone Companies, Colleges and Churches

Within the past twenty years there has been a marked development of pension systems for employes of business corporations, for teachers in colleges and universities, and for the clergy in various church organizations. The development of these pension systems has no doubt had some influence on the development of pension systems for public employes, and at least in this respect, becomes part of our problem.

It is our purpose here to give a general notion of the development of pension systems in the United States outside the field of state and municipal employment and to indicate some of the important features of the systems that are in operation.

State Regulation Is Proposed

As these systems are in no case subject to state regulation, we may well consider the question of the desirability of state regulation of these pension systems and the purpose that proper regulation would serve.

While the great variations in the provisions of the industrial and institutional pension plans make it difficult to characterize them as a class, it appears that the majority of such plans are managed by the employer and are maintained without contributions from the employes. There are a few notable exceptions to this rule as indicated below. There is enough in common among the systems for the railway employes to facilitate their discussion as a class. Similarly, there is enough in common among the systems for a number of manufacturing companies and banking institutions to make classes of them. Systems for college teachers may conveniently be discussed together, and those for the clergy very naturally form a class.

1. RAILROAD PENSION SYSTEMS

At least twenty-five railroad systems, and more when we count inter-urban systems, of the United States, maintain pension systems for their employes.

The oldest of these, so far as we have been able to learn, was established in 1889 by the Baltimore and Ohio Railroad Company. In Document No. 427, United States Senate, 61st Congress 2nd Session, a report is made on the pension plans of twenty-two railroad systems. Several additional systems have adopted pension plans later than this report.

Amount of Pension—The usual amount of the retirement annuity for railroad employes is 1 per cent of average pay for the ten years preceding retirement multiplied by the number of years of service.

To illustrate, if an employe received during his last ten years of service an average salary of $1500 per year, and gave in all 30 years of service before retirement age, his pension would be 30 per cent of $1500 which is $450 per year.

The Sante Fe varies this amount by providing that for each year of service, the pension shall be one and one-fourth per cent of the highest average monthly pay, up to $50.00, during any consecutive ten years of service, and in addition three-fourths per cent of any excess of such monthly pay over $50.00.

The Twin City Rapid Transit Company of Minneapolis and St. Paul offers 2 per cent of average salary of the last ten years of service for each year of service, with a maximum of $60.00 per month if retirement takes place at age 65, and $75.00 if retirement takes place at age 70.

Trainmen May Retire on Pension at Age 65

Age of Retirement—The most common age for service retirement of railroad employes is 70, but for certain classes of work, such as that of trainmen, it is provided that they may retire on pension at age 65 if they so elect. There are also a few cases of retirement at age 65 for all employes of a system, and one minor case in which pensions are offered at 60.

Contributions—No contributions are made by employes.

Management—The pension systems are managed entirely by the employer, so far as we have been able to learn, except in the case of the Twin City Rapid Transit Company of Minneapolis and St. Paul. In this case the pension board consists of seven members, two of whom are employes appointed by the president of the company.

The employers in nearly every case reserve the right to make such change in the plans as experience demands or as they see fit to make.

2. PENSION SYSTEMS OF MANUFACTURING COMPANIES

In order to test the extent of pension systems among industrial concerns in Illinois, the Commission circularized the 1600 members of the Illinois Manufacturers Association by the use of their mailing list secured through the courtesy of Mr. John M. Glenn, the Secretary of the Association.

The nature of the information requested in the circular letter will be clear from the following quotation from the letter:

"We send this letter to ask: Does your concern have a pension system for the retirement of employes when they lose their efficiency on account of old age?

"Besides getting an answer to this question, the Commission, in furtherance of its work, desires also to learn the details of the provisions of the pension systems established voluntarily by private employers. If your answer to the above question is in the affirmative, and you have a description of your pension system in a booklet or other printed form, kindly supply us with two copies of the same."

Typical Industrial Concerns Having Pension Funds

Literature relating to pension plans, insurance systems, employers' savings and profit sharing plans was received from the following concerns and from a few others mentioned elsewhere under mercantile concerns and under banks:

American Bridge Company; American District Telegraph Co.; American Steel and Wire Co.; Armour Grain Co.; Borden's Condensed Milk Co.; Chicago Telephone Co.; Commonwealth Edison Co.; Deere & Co. (same plans apply to John Deere Wagon Works, Deere & Mansur Works, John Deere Plow Works, Union Malleable Iron Works, John Deere Harvester Works, and Marseilles Works); Elgin National Watch Co.; Fairbanks, Morse & Co.; Homestake Mining Co.; Ilg. Electric Ventilating Co.; General Electric Co.; Illinois Maintenance Co.; Moline Plow Co.; Montgomery Ward & Co.; Omaha Packing Co.; Otis Elevator Co.; Phoenix Horseshoe Co.; Public Service Co. of Northern Illinois; Simonds Manufacturing Co.; Swift & Co.; Sears, Roebuck & Co.; Sullivan Machinery Co.; The Whitman and Barnes Mfg. Co.; The Peoples Gas, Light & Coke Co.; The Rudolph Wurlitzer Co.; T. M. Sinclair & Co. Ltd.; The Mechanical Rubber

Co.; The Adams and Westlake Co.; Illinois Steel Co. (United States Steel and Carnegie Pension Fund); Universal Portland Cement Co.; Western Electric Co.; Wilson & Co.

We had previous to sending this circular letter obtained information as to pension systems of Armour & Co.; Crane Co.; International Harvester Co.; Morris & Co.; The Pullman Co.; Wells Fargo Express Co. (The American Railway Express Co); and Western Electric Co.

Manufacturers Send Pamphlets Describing Systems

The literature of a given concern furnished us consists, in general, of pamphlets describing the pension system, or the general plans for the welfare of employes, including a pension system.

These pension systems present such a variety of provisions that it is very difficult to characterize them so as to give a fair notion of the plans.

All told we received 627 replies to letters sent to 1115 manufacturers including both those in Chicago and those in the other manufacturing centers of Illinois. Of those replying 39 have pension systems, 88 have insurance sickness and other benefit plans, but not pension funds, and 500 have no pension systems.

It should be made clear that we used the entire mailing list of the Illinois Manufactuers Association and thus made inquiry of both large and small concerns.

Relate Amount of Pension to Amount of Salary

Amount of Pensions—The most common amount of pension is the same as that offered to railroad employes—1 per cent of a certain average salary for each year of service. The average salary of which 1 per cent is taken is usually the average of the last ten years of service, but in a few cases it is the average for the ten years during which the employe received his highest salary.

There are, however, a number of concerns in the above group which pay 1½ per cent of salary, and a few pay 2 per cent, and two packing companies pay 2½ per cent of a certain average salary for each year of service, but there are in these cases limitations in the size of the pension. There are also a few cases of retiremnt on one-half the average annual salary of a certain period near the end of service.

Age of Retirement—The ages of retirement vary from 60 to 70 years for male employes when retirement is on request. A few companies make 55 the age of retirement when the retirement board approves.

It is interesting that a number of these companies name an age of retirement for women from five to ten years lower than that for men, although it is pretty well established that the expectation of life of women of age 55 is greater than the expectation of life of men of the same age.

Contributions of Employes—In the majority of cases no contributions are made by employes. There are, however, a number of prominent instances in which such contributions are made. Thus, under the Armour & Company System, Morris & Company System, the Wilson Company System, and the T. M. Sinclair & Company System, the employes contribute 3 per cent of salaries toward pensions. Similarly, in the Fairbanks-Morse & Company System employes contribute 3 per cent of salaries. Under the Elgin National Watch Company's Pension Fund, the employes contribute 2 per cent of their salaries.

Pensions Not as a Rule Guaranteed—In a few cases it is provided that the company may terminate the pension fund at any time, but that the annuities already entered upon shall not be discontinued.

Specify No Contractual Right to Pension Exists

In many cases there are explicit statements that no contractual right to a pension exists. In one prominent company, it is provided that if in twelve consecutive months the company's disbursements for service annuities shall exceed 1 per cent of the gross income of the company, or such other maximum as may from time to time be fixed by the board of directors, a new rate may be established reducing proportionately all annuities.

Management—The management is, in general, in the hands of a board of trustees appointed by the company. There are, however, exceptions to this. Thus, in the case of Morris & Company the administration is vested in a committee of five of whom three are selected by employes.

Service Requirement—Nearly all industrial pension systems have a service requirement in the form of a minimum number of years of service in addition to the attainment of a certain age for retirement.

3. PENSION SYSTEMS OF BANKING INSTITUTIONS

The following list of banks with pension systems will serve to illustrate the type of banking institutions that have pension systems in operation:

First National Bank of Chicago; Continental and Commercial National Bank of Chicago; First National Bank of the City of New York; First National Bank of Detroit; Chicago Savings Bank and Trust Company; Central Trust Company of Illinois; The Northern Trust Company of Chicago; Guarantee Trust Company of New York; National Bank of Commerce in New York; National City Bank of New York; Bankers Trust Company of New York.

Amount of Pensions—It is characteristic of these systems that they provide a pension of 2 per cent of a final salary or of an average salary for a period, for each year of service, with a limitation that the amount of pension shall not exceed a certain per cent of average salary, which per cent is generally 70 but in one case it is 60.

To illustrate, if an employe had at retirement age served 25 years, he would be granted a pension of 25 times 2 per cent of salary. This would simply give 50 per cent of salary.

There is usually in the pension systems of banks the provision that the pension is not payable for a greater number of years than the number of years of service of the employe.

Age of Retirement—The minimum age for retirement varies from 60 to 65 years.

Management—The management is in each case vested in trustees appointed by the bank.

Contributions by Employer and Employes—In all cases the banks make contributions to the funds. The five banks first named above require contributions of 3 per cent of salaries from each employe.

Take Entrance Ages of Contributing Employes Into Account

The Central Trust Company of Illinois has a more equitable provision by requiring that the employe contribute to the fund according to his age on the date of his first contribution in proportion to the actual cost of the pension to be provided at age 65. These contributions are on an actuarial basis. It is provided, however, that if an employe's contributions under this plan should exceed 3 per cent of his salary, he shall have the option to pay 3 per cent of his salary instead of the percentage required to provide a full pension, in which case benefits under this fund shall be reduced proportionately.

The Northern Trust Company takes account of employes' ages at entrance. It requires contributions of 3 per cent of salaries from all employes, and in addition ½ per cent from an employe entering at age under 36 for a time equal to twice the number of years his age

at entrance exceeds 25, and 1 per cent from an employe entering at age over 36 for a time equal to the number of years his age at entrance exceeds 25. Under the system of the remaining four banks, no contributions are required of employes.

REFUNDS—In each case there is a refund of contributions upon withdrawal from service. The refund consists of contributions with interest in the case of three of the five banks named above. The remaining two return contributions without interest in cases of withdrawal or dismissal, but with interest in case of death.

4. PENSION SYSTEMS OF MERCANTILE ESTABLISHMENTS

Although the establishment of pension systems by mercantile establishments seems to be somewhat unusual, it may be of interest to report briefly on the plans of Butler Brothers; Sprague, Warner & Company; Montgomery Ward & Company; and Sears, Roebuck & Company.

In the first two named an employe of the age of 60 with 20 years of service becomes eligible for a pension of 1 per cent of average salary of the last five years before retirement for each year of service. In the system of Butler Brothers no pension shall exceed $1,000. When a pension to which a retired employe would be entitled is less than $300 per annum, the directors at their discretion, may increase it to $300. Butler Brothers reserve the right to discontinue the pension fund at any time with the understanding that those on the pension roll shall not be deprived of their pensions. Under the system of Sprague, Warner & Company the annual pension is one-half of the average annual salary for the last five years of service before retirement. A sort of bonus is offered for longer service than twenty years. For a service from 25 to 29 years, there is a 10 per cent increase in pension. For a service of thirty or more years, there is a 20 per cent increase. No contributions are required of employes, and the companies are the managers of the systems.

Mail Order Houses Have Unique Provisions

Montgomery Ward & Company provides for retirement of employes at age 70 and obligates the company to pay the pension when entered upon under all contingencies. The minimum pension is 25 per cent of the last wages received by the employe; and, for each year of service beyond twenty years, there is added 1 per cent of his wages, but no pension is to exceed 50 per cent of last wages, nor shall it exceed $1,500. It is explicitly stated that no employe has any vested right

in a pension until he shall have been awarded the same. This pension plan is part of the insurance division of the company.

The pension system of Sears, Roebuck & Company is called the "Employes' Savings and Profit Sharing Pension Fund." This is a very interesting plan operated on a voluntary basis. The company contributes 5 per cent of its net earnings to the purpose. The employe contributes 5 per cent of salary but not more than $150.00 per year. The Company's contributions are pro-rated annually to the credit of individual employes in proportion to the amount each has contributed.

With respect to refunds, an employe withdrawing with less than ten years of service receives his own contributions with interest at 5 per cent. One of ten or more years of service is paid upon withdrawal also the employer's contributions. This is a case of a subsidized savings scheme. The funds may be left to provide an annuity or they may be withdrawn.

5. PENSION SYSTEMS OF TELEPHONE AND TELEGRAPH COMPANIES

The American Telephone and Telegraph Company and Associated and Allied Companies established a pension system in 1913 for their 175,000 employes by an initial appropriation of $8,855,000. At the end of each year appropriations are to be made to restore the fund to its original amount subject to a limit of 2 per cent of pay-roll on all companies except the American Telephone and Telegraph Company, where the limit is to be $500,000.

The Western Union Telegraph Company has a very similar system with an initial fund of $1,000,000.

Managed by the Employers

The amount of the annual pension is the same as for the majority of the industrial pensions, that is, 1 per cent of average annual pay for ten years preceding retirement multiplied by the number of years of service. There is also paid a small death benefit, and certain sickness and accident disability benefits.

These pension systems are managed by the employers.

6. PENSION SYSTEMS FOR TEACHERS IN COLLEGES AND UNIVERSITIES

Colleges and universities were early in the pension field. This was probably due to the fact that the tenure of office was so secure that a man was likely to continue on full pay after his efficiency had very much declined if there were no pension systems in operation.

a. The Carnegie Foundation

In 1905, Andrew Carnegie provided resources for the establishment of a retirement allowance system for college and university professors of the United States and Canada, with a permanent fund of $10,000,000, and an approximate annual income of $500,000. Under the original provision, denominational schools and state universities were not included. In 1905 Mr. Carnegie extended the benefits to state universities, and at the same time added $5,000,000 to the endowment, making a total of $15,000,000 to be administered by the trustees of the Carnegie Foundation. At the present time the system includes seventy-three accepted institutions. From the start the Foundation accepted only institutions that conformed to certain standards of admission and of educational policy.

The amount of the pension is, in general, one-half salary plus $400 payable at and after age 65 to a professor of a certain prescribed period of service. There is an exception in the case of a teacher whose active pay is less than $1,200. In this case the pension is $1,000, providing no retirement allowance shall exceed 90 per cent of active pay.

Disability pensions are paid if a teacher becomes disabled after attaining the age of 55 and having 25 or more years of service as a professor, 30 or more years as instructor and professor.

Making Changes to Put Carnegie Foundation on Actuarially Sound Basis

The Foundation has made valuable studies of pension plans and is in the process of making decided changes in its plans. It became clear that even the large fund at its disposal would not go far toward paying pensions to all teachers in institutions that were eligible. Through the Carnegie Corporation, additional funds have been provided to carry out the pension plans to teachers on the instructional staffs of the accepted institutions as of a certain date, subject, however, to advancing the retirement age for all but a group of men near retirement age.

It is calculated actuarially that sufficient funds are available to carry out this plan. Furthermore, a comprehensive plan of annuities and insurance is proposed, and will probably soon be put into operation. This plan is an actuarially sound reserve plan to which teachers and their institutions are to contribute. The Carnegie Corporation has contributed $1,000,000 as capital stock for the insurance company which constitutes part of the new plan.

b. Pension Systems of Colleges Not on Carnegie Foundation List

There have been established within the past few years pension systems in a number of educational institutions not on the accepted list of the Carnegie Foundation, but none of these systems seems to represent a permanent advance in pension plans, but simply part of a general movement to provide some form of a retirement annuity.

7. CLERGY PENSION FUNDS

During the past few years nearly every conference or synod seems to have discussed the subject of pensions for superannuated clergymen. Many denominations have had much experience with various agencies attempting to provide relief for old and disabled ministers and their dependents. Within the past few years, there have been special efforts by many denominations to deal with the problem of old age retirement of ministers in a more comprehensive manner.

A few illustrations will serve to show this tendency.

The Methodist Episcopal Church recently raised an endowment fund of $10,000,000 for pensions to be administered by the Board of Conference Claimants, which had previously at its disposal annual contributions from the churches and from the profits on the sale of books by the book company of the church. While in this movement to raise $10,000,000 there is shown some notion of the demands on the fund, there does not seem to be an appreciation of the need of actuarial determination of the cost of pensions.

Oversubscribe Fund to Place System on Sound Basis

The Protestant Episcopal Church has during the past five years made more significant progress with its pension problem than any other church, so far as we know. This church approached the problem in a scientific manner by a careful study of the accrued liabilities that exist under a proposed set of benefits. An appeal for $5,000,000 to put the system on a sound basis was oversubscribed, and proper contributions are being made by the churches annually to operate on a sound actuarial basis.

The Presbyterian Church recently raised a large permanent fund for the use of its Board of Ministerial Relief and Sustentation Fund. The ministers are required to contribute sufficient to pay one-fifth of the benefits.

Similarly, there was a movement in the Baptist Church in 1914 to provide pensions under a contributory system of which sufficient is to be paid by the clergy to provide $100 per annum after age 65. The sum was to be brought up to $500 per annum by payments by

the church. A very similar system was proposed in 1913 by the National Council of Congregational Churches of the United States.

These illustrations indicate that there is a marked tendency to deal with the problem of superannuation of the clergy in a more systematic and comprehensive manner than has been the practice in the past.

GENERAL POINTS AND RECOMMENDATIONS

Widows' Pensions a Feature of Many Systems

In about one-half of the pension systems whose literature we have read in the preparation of this chapter, there is a benefit offered in the form of a widows' pension when the husband was receiving a pension, or was entitled to receive a pension, subject to the condition that marriage took place before the employe was of retirement age. The most common amount of such pension is an annuity equal to one-half that to which the husband was entitled.

Attitude with Respect to Employment for a Pensioner

As a general rule, under the industrial pension systems, a pensioner may engage in any work not prejudicial to the company under whose pension system he is being paid the pension. In some cases, there is, however, less freedom to accept employment than is indicated by this statement. That is to say, in the case of some companies, he must actually secure permission from the pension board before he can accept work. Indeed, one large company goes farther by providing that he shall not accept employment without the permission of the Pension Fund Committee and that the company shall at all times have first call on the services of the retired employe.

State Regulation of Industrial and Institutional Pensions Is Recommended

It is explicitly stated in a number of the pension plans mentioned above that the directors of the company reserve the right to make such modifications or changes as the conditions may from time to time make necessary, or which in their judgment may seem best. It is also made clear that no contractual obligation is to be incurred, and that the employe acquires no legal right to the pension.

Although he may have no legal right, it must be recognized that he is apt to have an expectation that is nothing short of a moral claim. There is much likelihood of injustice in holding out to an employe the prospect of a more liberal pension than can actually be provided.

It has been charged that certain companies with pension systems have discharged employes near retirement age to avoid the payment of the pension. It is very doubtful whether such a charge could be sustained against any reputable company, but the question does arise very forcibly in regard to the value of the prospect of pension under the present unregulated systems. Usually, so long as the employer is solvent and prosperous, the pension will no doubt be paid, but it is a serious question as to what would happen if the employer should discontinue business.

It would be a much safer plan if the employer should create an adequate reserve by setting aside currently as service is being rendered the necessary amount to accumulate for pension purposes.

Would Standardize Plans, Assure Adequate Assets and Provide for Transfers

The main purpose of state regulation would be to standardize pension plans and to report on the status of pension systems with respect to the adequacy of assets that are to be used in the payment of pensions, but such regulation could also provide a plan by which an employe could in transferring from one employment to another transfer his pension rights.

CHAPTER XVI

COURTS AND PENSION SYSTEMS—TREND OF DECISIONS

A Review of Judicial Decisions Relating to Civil Service Pensions

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CHAPTER XVI

COURTS AND PENSION SYSTEMS—THE TREND OF DECISIONS

A Review of Judicial Decisions Relating to Civil Service Pensions — Prepared for the Illinois Pension Laws Commission of 1918 by Frederick Green, Professor of Law, University of Illinois

I. POWER OF THE STATE TO GRANT PENSIONS

a. In General—Pensions Based on Service Rendered or Disability Incurred After the Pension Law Is in Force

A statute which provides for a mere gift of public money to an individual or to a class, necessitating the taxation of some persons for the private benefit of others, is invalid. It has been said that it is not even an exercise of legislative power, within the meaning of the constitutional clauses which vest legislative power in the general assembly.[1] At any rate, it is well settled that because legislative power is granted for the general good, and because it is an unwarrantable thing to tax some persons merely for the private benefit of others, a person so taxed is deprived of property without due process of law in violation of the due process clauses of the state and federal constitutions.[2] Such a gift might also, according to circumstances, violate Section 20 of Article IV of the Illinois constitution, which provides that the state shall never in any manner give its credit in aid of any individual, Section 22 against special laws granting exclusive privileges, and Section 19 against extra compensation after service rendered, as well as Sections 23 of Article V and 11 of Article IX forbidding the increase of an officer's salary during his term.

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1. Loan Ass. v. Topeka (1874), 20 Wall. 655.

2. State v. Edmondson (1913), 88 Oh. St. 625, 89 Oh. St. 351, 106 N. E. 41, holds that although poor relief may take the form of money payments to a special class of poor, a statute is void as appropriating money to a private use which provides annuities for poor blind persons, unable to earn their living, and consequently includes those who, being supported by relatives or in charitable institutions, are not in danger of coming to want.

Auditor v. State (1906), 75 Ohio St. 114, 78 N. E. 955, 7 L. R. A. (N. S.) 1196, accord.

In State Board v. Buckstegge (1916), 18 Ariz. 277, 158 P. 837, it was considered that an act pensioning all widows and pensioning all wives of imprisoned convicts, would be void as granting public money to persons who might not need it.

On the other hand, it is generally agreed that it is a valid exercise of governmental power to provide for the payment of pensions to public officers or employes who may in the future be disabled in service or retired after long service, and to their dependents upon their death. The expectation of such relief induces continued and faithful service, much as the payment of higher salaries might do; and in some respects it probably does so more effectively, justly and advantageously, since it combines the benefits which enure to the public and to the individual from insurance against individual distress with those arising from the payment of adequate public salaries. Thus the establishment of a pension fund for its employes is within the implied powers of a private corporation because it is a means of properly carrying on its business.[3] Public service pensions are consequently not mere gratuities for the private benefit of the recipients, but are primarily in the interest of the public, and they are not obnoxious to any of the constitutional provisions referred to above.[4]

It is however held in Missouri that the clause of the Missouri constitution which prohibits "a grant of public money in aid of an individual" prevents the establishment of a police pension fund supported by public money.[5] And the South Carolina constitution, which forbids the granting of pensions except for military and naval services, is held to prevent pensions to persons disabled in civil service, though not granted, as military and naval pensions usually are, by laws passed

3. Heinz v. National Bank of Commerce (1916), 237 Fed. 942; State v. Pittsburg etc. R. Co. (1903), 68 Oh. St. 9, 67 N. E. 93; Henderson v. Bank of Australasia (1888), 40 Ch. Div. 170.

4. Hughes v. Traeger (1914), 264 Ill. 612; People v. Abbott (1916), 274 Ill. 380; Pennie v. Reis (1889), 80 Cal. 266, 22 P. 176; O'Dea v. Cook (1917), — Cal. —, 169 P. 366; Fellows v. Connolly (Mich. 1916), 160 N. W. 581; State v. Love (1911), 89 Neb. 149, 131 N. W. 196, 34 L. R. A. (N. S.) 607; Allen v. Board of Education (1911), 81 N. J. Law 135, 79 A. 101, affirmed 86 A. 1102; Pearce v. Board of Education (1914), 85 N. J. Law 520, 89 A. 1026; Hammitt v. Gaynor (1913), 144 N. Y. Supp. 123, 127, 82 Misc. Rep. 196; Hammond v. Fulton (1917), 220 N. Y. 337, 115 N. E. 998, Ann. Cas. 1917C, 1137 (death benefit of $500 for next of kin is valid); State v. Hauge (1917), 37 N. Dak. 583, 164 N. W. 289; Commonwealth v. Walton (1897), 182 Pa. St. 373, 38 A. 790, 61 Am. St. Rep. 712; Commonwealth v. Barker (1905), 211 Pa. St. 610, 61 A. 253; cases in notes 33 and 34, *infra*; 1 Dillon, Municipal Corporations, Sec. 430.

See also, Cass Co. v. Nixon (1917), 35 No. Dak. 601, 161 N. W. 204 (mothers' pension); State v. Handlin (1917), 38 So. Dak. 550, 152 N. W. 379 (bounty to enlisted men). Compare Conlin v. Supervisors (1893), 99 Cal. 17, 21 L. R. A. 474 (payment of a claim of merely moral obligation is a "gift"); Opinion of Justices (1917), — N. H. —, 100 A. 49 (N. H. constitution forbids pensions except in consideration of services and pensions for not more than a year.)

5. State v. Ziegenhein (1898), 144 Mo. 283, 45 S. W. 1099, 66 Am. St. Rep. 420; State v. Kimmel (1914), 256 Mo. 611, 165 S. W. 1067.

after the event, but by laws in reliance upon which the service was rendered in which the disability was incurred.[6]

Moreover the South Carolina court thinks that as firemen's pensions are not direct pay for service rendered, they benefit the public only indirectly, substantially as might pensions to disabled miners, locomotive engineers, or other private persons engaged in dangerous work of public benefit, and constitute essentially an appropriation of public money to private use. A similar opinion was expressed as to teachers' pensions by Robinson J., dissenting, in a North Dakota case.[7] He said: "As there are few who are so stupid as to make of teaching a life business, the chances are that a hundred persons must contribute to the fund for every person who wins a prize or pension. Hence the act does in effect provide for a kind of lottery. * * * Now, calling it by any name, the giving of a prize, donation or gift to a school teacher is not giving it for public purposes." The Indiana court, in holding void for lack of uniformity a tax for a firemen's pension fund, spoke of the firemen as an unduly favored class, for whose pensions, when employed by cities, the state could not tax.[8]

b. Pensions to Persons Retired Before the Pension Law Goes Into Effect

An attempt has sometimes been made to pension, not merely persons who might in future retire from public service, but also those who at the time the pension act went into effect had already retired. The theory that pensions are of public benefit in inducing faithful and continued service on the part of the person pensioned is inapplicable to such a case, and the validity of the pension must depend on whether its grant fulfils in some other way a legitimate governmental purpose. The federal government grants pensions for past military service and most governments have granted pensions in recognition of past public civil service of exceptional distinction or danger. If such pensions constitute an appropriate exercise of public generosity or manifestation of public gratitude, then, unless the state is constitutionally incapable of gratitude or generosity, they would seem to be valid on that ground alone. But pensions, like monuments to distinguished men, may not only testify to public gratitude, but be deemed to inspire emulation and to stimulate patriotism. Yet though the decisions indicate that such pensions may be granted in exceptional cases, they show that it

6. Aetna Fire Ins. Co. v. Jones (1907), 78 S. C. 445, 59 S. E. 148, 13 L. R. A. (N. S.) 1147.

7. State v. Hauge (1917), 37 N. D. 583, 164 N. W. 289.

8. Henderson v. London etc. Ins. Co. (1893), 135 Ind. 23, 34, 34 N. E. 565, 20 L. R. A. 827, 41 Am. St. Rep. 410.

is hard to draw the line that separates them from pensions which are mere gratuities for private benefit.[9]

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9. "To show gratitude for meritorious public services in the army and navy by liberal provision for those who have performed them is not only proper in itself, but it may reasonably be expected to have a powerful influence in inciting others to self-denying, faithful and courageous services in the future, when the government, which is so ready to be generous, as well as just, shall have need of their assistance. The same may be said of a like recognition of valuable public services rendered by other persons. The question in every case is not one of power but of prudence and public policy." 1 Cooley on Taxation (3rd ed.), 189, quoted by Carter, J., in People v. Abbott (1916), 274 Ill. 380, 388.

To a legislative inquiry in reference to the validity of a proposed statute, the justices of the Supreme Court of Massachusetts answered that the legislature may continue the salary of one who has died in office for the benefit of his widow for the rest of his term, if it can fairly be thought that doing so will serve the public good; but may not do so if the only public good is that which is incidental to the relief of an individual; and that to a great extent the distinction must be left to the conscience of the legislature. They expressed an opinion that, where there is an obligation in justice, a sufficient public advantage exists "in the manifestation that the sovereign power is just," that a gift to soldiers after war of a memorial hall might be valid (see Kingman v. Brockton (1891), 153 Mass. 255, 256), as would be pensions to honor courage and give hope of generosity to those who may in future risk their lives, but that to justify a gratuity for past civil service, the service should be conspicuous and greatly deserving. (Opinion of the Justices (1900), 175 Mass. 599). On a similar occasion the justices of the same court said that pensions for past services may be justified if the services are "such as generally have been treated as deserving recognition by the payment of sums of money, the erection of statues or the bestowal of medals, decorations or other badges of honor," and that "the question ordinarily will be whether the benefit is conferred as an appropriate recognition of distinguished or exceptional service, such that the dignity of the state will be enhanced and the loyalty and patriotism of the people will be promoted by making it a subject of governmental action." (Opinion of Justices (1906), 190 Mass. 611, 77 N. E. 820.) And, to a later inquiry, they answered that if the purpose and effect of payment for past service are not merely to compensate, but to promote loyalty and encourage future sacrifice for the public welfare in hope of like recognition, payment may be made, and the purpose of the legislature is not subject to review. (Opinion of Justices (1912), 211 Mass. 608, 98 N. E. 338.)

It may be observed that so far as pensions for past service depend for validity on their tendency to encourage future sacrifice, it is important to notice whether the law already provides pensions for future service, for, if it does, pensions for past service may be superfluous.

In Matter of Mahon v. Board (1902), 171 N. Y. 263, 63 N. E. 1107, 89 Am. St. Rep. 810, it was said that, in absence of special restriction, the legislature may "recognize claims founded in equity and justice in the largest sense of those terms, or in gratitude or charity. * * * It can make appropriations of money whenever the public well being requires or will be promoted by it, and it is the judge of what is for the public good." But the court considered that the special restrictions in the New York constitution against extra compensation to public officers, and against giving money in aid of any individual cut down the legislature's power to make gifts in evidence of public gratitude, and held invalid pensions to teachers retired before the pension act was passed.

See also Bosworth v. Harp (1913), 154 Ky. 559, upholding pensions to indigent ex-confederate soldiers.

In the leading case of State v. Love,[10] Root, J., after stating that a pension to former paid firemen, given for *length* of service only, would violate a constitutional provision against extra compensation after services rendered, said: "It is a matter of common knowledge that the legislature appropriates money for the benefit of citizens injured while assisting in the capture of criminals, and its right to do so does not rest upon the principle that thereby compensation is paid for the time devoted to the public service, but it is justified upon the broad ground that the state owes the citizen a moral duty to pay him for injuries received while discharging a duty imposed by the necessities of the state upon all citizens, but which he has performed for them. The duty to extinguish conflagrations is also a public one, and the state is under the same obligation to its injured firemen that it owes to the citizen who is injured while assisting in the capture of a criminal. The legislature may transform that duty into a legal obligation, and impose it upon the municipalities by statutes general in their application to the class of cities affected by them."[11]

But even where the grant is to persons who have rendered exceptional public service, if the conditions of the grant show it to be a mere gift as distinguished from a reward for the service, it is void. Thus there is no right to build at public expense a hall for the use of a particular Grand Army post;[12] nor may a city pension its residents disabled in the fire service of other cities;[13] nor may a state pension resident veterans of the civil war, irrespective of indigence or disability, who served from other states.[14] Where service has been of no especial distinction or danger, a law which authorizes a grant of money because of it, passed after the grantee has wholly retired from the service, has frequently been decided to be no more justifiable than a gift of public money to any other citizen would be, and it is void.[15]

10. (1911) 89 Neb. 149, 131 N. W. 196, 34 L. R. A. (N. S.), 607.

11. See, also, Firemen's Benevolent Ass. v. Lounsbury (1859), 21 Ill. 511; People v. Metz (1907), 104 N. Y. Supp. 115, 120 App. Div. 565 (association of retired volunteer firemen relieved from water rates); Exempt Firemen's Ass. v. Little Falls (1911), 132 N. Y. Supp. 798, 148 App. Div. 440; The language in Trustees v. Roome (1883), 93 N. Y. 131, 45 Am. Rep. 217, tends to support relief to retired volunteer firemen disabled or indigent, as analogous to exempting them after a term of service from militia, jury or constabulary duty.

12. Kingman v. Brockton (1891), 153 Mass. 255, 26 N. E. 998.

13. Taylor v. Mott (1899), 123 Cal. 497, 56 P. 256.

14. Beach v. Bradstreet (1912), 344 Conn. 34, 82 A. 1030.

15. People v. Abbott (1916), 274 Ill. 380, 385, 386 (semble); State v. Love (1911), 89 Neb. 149, 131 N. W. 196, 34 L. R. A. (N. S) 607; Mead v. Acton (1885), 139 Mass. 341 (semble); Dillon, Mun. Corp. (5th ed.) Sec. 430. But see Eddy v. Morgan (1905), 118 Ill. App. 138, reversed on ground that the statute should not be construed retroactively in (1905), 216 Ill. 437.

There is no *moral obligation* to pension persons retired after long service which will support a pension.[16] Such a pension is merely additional compensation for past services, and the fact that the original compensation may be thought to have been inadequate will not justify it. On this principle bounties intended merely as additional compensation to enlisted soldiers for completed military service are void as not for a public purpose.[17]

However, the Public Service Act of 1899 of New South Wales granted pensions to officers already retired as well as to those who should retire in future, and the grant was enforced in the highest British court of colonial appeal, without suggestion that the pension was improper.[18] The attitude of the New South Wales legislature and of the Privy Council tends to show that the motive, at least, which admits officers already retired to the benefits of a newly established pension system on equal terms with former associates who may retire thereafter, is not necessarily a mere desire to make a gift of the community's money to persons capriciously singled out from the mass to be recipients of favor.

The principle which in general forbids the establishment of pensions for services already past has been applied to invalidate a statute continuing to widows of policemen the pensions of their deceased husbands, in the case of a widow whose husband, retired on a pension, had died before the statute was passed.[19] If this application is sound, it would seem also invalid to increase pensions already granted[20] or

16. Matter of Mahon (1902), 171 N. Y. 263, 63 N. E. 1107, 89 Am. St. Rep. 810, aff'g. 74 N. Y. Supp. 172, 68 App. Div. 154; People v. Partridge (1902), 172 N. Y. 305, 65 N. E. 164, reversing 77 N. Y. Supp. 1137, 74 App. Div. 620.

17. Mead v. Acton (1885), 139 Mass 341; Opinion of Justices (1904), 186 Mass. 603, 72 N. E. 95; Opinion of Justices (1906), 190 Mass 611, 77 N. E. 820; Perkins v. Milford (1871), 59 Me. 315; Bush v. Board (1899), 159 N. Y. 212, 53 N. E. 1121, 45 L. R. A. 556, 70 Am. St. Rep. 538; Matter of Chapman v. City of N. Y (1901), 168 N. Y. 80, 61 N. E. 108 (holding void a statute for repaying to a public officer expenses he incurred in successfully defending a proceeding to remove him from office); Wolcott v. Mayor (1915), 10 Del. Chan, 384, 95 A. 303 (holding it unconstitutional to pay extra compensation for past services though they were exceptionally arduous and the duties of the office had been increased during the term). But see Opinion of Justices (1864), 45 N H. 593; and compare Larimer v. Supervisors (1868), 47 Ill. 36.

18. Williams v. Macharge (1910), A. C. 476.

19. People v. Partridge (1902), 172 N. Y. 305, 65 N. E. 164, reversing 77 N. Y. Supp. 1137, 74 App. Div. 620.

20. State v. Love (1911), 89 Neb. 149, 131 N. W. 196, 34 L. R. A. (N. S.) 607. But see State v. Farley (1901), 22 Ohio Cir. Ct. Rep. 48, 12 Ohio Cir. Dec. 273.

to provide that the pensions should be continued to the widows of pensioners not in service who might thereafter die.[21]

The statutes of Illinois and of some other jurisdictions provide in some instances for the recall to service, in case of emergency or recovery, of policemen pensioned for disability. It does not appear to have been decided whether such policemen are to be treated as if still in service so far as concerns the validity of an increase of pensions.[21a]

If services are performed while a law is in effect which holds out the expectation of a pension, the state may legitimately fulfil the expectation it has legitimately aroused, presumably to its profit, and award the pension even by a law passed after the services are completed. So, where a statute declared that the legislature would compensate militiamen injured on duty, a special appropriation of $2500 to a militiaman so injured was sustained.[22] And where by the law in force when an officer retired he was entitled to a pension, and the law was repealed, and three weeks later another law revived the right, the revival was held valid.[23] On this principle are to be supported the numerous laws of unquestioned validity which repeal earlier pension acts and continue pensions granted under them.

c. Pensions to Persons Who Retire After the Pension Law Goes Into Force on Basis of Service Rendered or Disability Incurred Before It Went Into Force

Statutes frequently provide for pensions to persons then in service, on retirement after service for a stated number of years. This may result in the speedy retirement of officers or employes on the basis of service all or practically all performed before the law took effect, so that the statute could not have induced faithfulness or continuance in the service, but on the contrary has clearly induced an abandonment of it. The question arises whether in such a case the pension is anything but a gift for private benefit, or is distinguishable

21. But see Eddy v. Morgan (1905), 216 Ill. 437.

21a. See McGann v. Harris (1904), 114 Ill. App. 308 (a discharged policeman is not eligible to retirement on pension subject to emergency duty, for a pensioner so subject is still a member of the force); Kavanaugh v. Board (1901), 134 Cal. 50, 66 P. 36; Dionne v. Queen (1895), 24 Canada Sup. Ct. 451; Moffatt v. Lowell (1913), 215 Mass. 92; Price v. St. Louis Police Relief Ass. (1901), 90 Mo. App. 210; Halsbury's Laws of England Vol. 24, Sec. 686; Waldron v. Croghan (1881), 7 L. R. Ir. 320; MacDonald v. O'Toole (1908), 2 I. R. 386; Collier v. The King (Australia, 1901), 27 Vic. L. R. 25, 234 (a pensioned official "is still in the service though on a sort of reserved or retired list").

22. Woodhall v. Darst (1912), 71 W. Va. 350, 77 S. E. 264, 80 S. E. 367.

23. State v. Board (1917), 141 La. 427, 75 So. 103.

from a pension to an officer already retired. Two answers have been made. First, it has been said that a public benefit accrues "by retiring from the public service those who by devoting their best energies for a long period of years to the performance of duties in a public office or employment have, by reason thereof, or of advanced age, become incapacitated from performing the duties as well as they might be performed by others more youthful or in greater physical or mental vigor."[24]

It may be added that, even if the officer is removable for incapacity or at will, the legislature may reasonably think it conducive to efficiency to determine the time of his retirement by letting the officer decide when to accept a pension, rather than by imposing on a reluctant superior a duty of deciding when to dismiss him without a pension and perhaps to poverty. Further, if the grant is regarded solely as a reward or testimonial of gratitude for long and faithful service, there is perhaps a difference between one who, when his title to public bounty accrues, still holds the office or employment in which his labors were performed, and a private citizen whose services to the community lie wholly in the past.

A second reason advanced in support of pensions to present office holders based on past service, is that a little time, at least, must pass after the act takes effect before the officer can retire. There is always some period of service under the act, and it is said the pension is part of the compensation for this period, and the magnitude of the compensation is for the legislature to determine.[25] But it is hard to see how offered payment can properly be treated as compensation in exchange for which service has been performed on the sole ground that it was physically impossible for an employe to resign quickly enough to avoid becoming entitled to it. Moreover, as will appear, a pension is not awarded as compensation, but as a revocable gratuity. Being a gratuity it requires special justification, and this justification is not given by denying that it is a gratuity and calling it compensation.

A better and sufficient reason seems to be that as the legislature, to induce faithful service, may provide a pension for twenty years'

24. Dillon, Mun. Corps. (5th ed.) Sec. 430. To same effect are People v. Abbott (1916), 274 Ill. 380 (retirement after law took effect, but before pension fund was established or pension applied for); Pearce v. Board of Education (1914), 85 N. J. Law 520, 89 A. 1026; Van Dyke v. Board (1916), 88 N. J. Law 492, 96 A. 671; Fellows v. Connolly (Mich. 1916), 160 N. W. 581.

25. This theory is advanced in State v. Love (1911), 89 Neb. 149, 131 N. W. 196, 34 L. R. A. (N. S.) 607, and is the ground of the decision in Hammitt v. Gaynor (1913), 144 N. Y. Supp. 123, 82 Misc. 196.

service, provided five of those years are in the future,[26] it may, for like reasons provide such a pension though only five weeks or five minutes of the service are in the future, because it may determine how long a future service shall be required. The legislature may treat alike all who for practical purposes are in an identical situation, and if it may grant pensions to those whose future service to complete the term of twenty years is indefinitely short, it may include in the grant persons still in service who have completed the period in full.

d. Relief Associations

In establishing a pension system, the state is not limited to providing for its administration through officers of its own, nor to making payments of public money directly to beneficiaries. Not only may it provide for a pension board whose officers are in a strict sense public functionaries, subject as such to state control, but instead of so doing, the state may delegate the administration of the pension system to a suitable agency such as an incorporated relief association, impose on the association a duty to use the fund for the benefit of those whom the state wishes to pension,[27] and appropriate and pay public money to the association as it might have appropriated it to a similar pension fund of its own. Such a payment is not an appropriation or gift to an individual within the meaning of a constitutional prohibition.[28] In many of the larger cities firemen's or policemen's associations of this character exist or have existed. They have frequently been incorporated by special act, and are usually supported by dues or assessments imposed on the members as well as by moneys contributed by the city or state.

It is essential however to the validity of a law providing for the payment of public money to a relief association that there exist a legal right in some person or body to compel the association to use the money in carrying out the public purpose for which it was given. Payment to an association which was under no obligation as to the use of the money, or which had power to use it in a way in which the state would not be justified in using it, would be unconstitutional for the reasons

26. See Heinz v. National Bk. of Com. (1916), 237 Fed. 942.

27. Commonwealth v. Walton (1897), 182 Pa. St. 373, 38 A. 790, 61 Am. St. Rep. 712; Phoenix Assurance Co. v. Montgomery (1898), 117 Ala. 631, 23 So. 843, 42 L. R. A. 468; Fox v. Mohawk Soc. (1901), 165 N. Y. 517, 59 N. E. 353; Exempt Firemen's Ass. v. Little Falls (1911), 132 N. Y. Supp. 798, 148 App. Div. 440 (semble).

28. Trustees v. Roome (1883), 93 N. Y. 313 (membership and right to pension may be restricted to retired firemen and those who have been a certain time in service); Commonwealth v. Walton (1897), 182 Pa. St. 373, 38 A. 790, 61 Am. St. Rep. 712.

which in general invalidate gifts of public money to individuals.[29] However, if an incorporated association, though voluntarily formed and not theretofore an agency of the state, accepts a contribution of public money to be devoted to such relief of public officers or employes or their dependents as the city or state itself might validly grant, it thereby *presumptively* assumes an obligation to devote the money to the purpose for which it was given, since it could not rightfully be given on other terms.[30] The obligation is of a public nature, makes the association in effect a governmental agency, and extends not merely to the use of the money given[31] but to the carrying out of the entire pension scheme towards which it was contributed, so far as the total resources and objects of the association will permit.[32]

Where the conditions for pension are fixed, and not subject to change by the association, and are such as the city or state authorities might consistently with their statutory and constitutional power have established for pensions payable directly by the city or state, and the pensions are payable not at option but on such terms as to be enforcible by the beneficiaries, through their membership in the association, or by duty imposed by statute to them or to the state, the appropriation of public money to an incorporated relief association for such pensions is valid and enforcible,[33] and the right of the beneficiaries will also be

29. See Kingman v. Brockton (1891), 153 Mass. 255, 26 N. E. 998 (gift to Grand Army post, to exclusion of veterans not members); Aetna Fire Ins. Co. v. Jones (1907), 78 S. C. 445, 59 S. E. 148, 13 L. R. A. (N. S.) 1147; Firemen's Relief Ass. v. Scranton (1907), 217 Pa. 585, 66 A. 1103; De Runtz v. St. Louis Police Ass. (1913), 180 Mo. App. 1, 162 S. W. 1053.

30. Where clearly there was no intent to assume the obliation, it would not exist. See De Runtz v. St. Louis Police Relief Ass. (1913), 180 Mo. App. 1, 162 S. W. 1053.

31. Commonwealth v. Walton (1897), 183 Pa. 373, 38 A. 790, 61 Am. St. Rep. 712 (it seems the association may be restrained from misapplying the money.)

32. In Gibbs v. Minneapolis Fire Dept. Relief Ass. (1914), 125 Minn. 174, 145 N. W. 1075, the funds of the association were derived from contributions by the state and dues from members, and by its charter were to be used for a system of pensions, including pensions to firemen's widows, as well as for private purposes of the association. The court expressed an opinion that the association was bound to carry out the pension scheme towards which it had received public money, though it had to draw upon the funds received as dues from its members to do it, and that in carrying out its other objects it could not use money from the state. It decided that the pension system was under control of the state, so that an act abolishing widows' pensions, in case of widows who had deserted their husbands, was valid, and this though the pension fund was partly made up of dues which their husbands had contributed. This case was followed in Minegar v. Minn. etc. Ass. (1914), 126 Minn. 332, 148 N. W. 279. Compare Buckendorf v. Minn. etc. Ass. (1910), 112 Minn. 298, 127 N. W. 1133.

33. Firemen's Benevolent Ass. v. Lounsbury (1859), 21 Ill. 511; Trustees v. Roome (1883), 93 N. Y. 313; People v. Metz (1907), 104 N. Y. Supp. 1115, 120 App. Div. 565; Exempt Firemen's Ass. v. Little Falls (1911), 132 N. Y. Supp. 798, 148 App. Div. 440; Ashley v. Fire Dept. (1911), 133 N. Y.

enforced by appropriate means.[34] As regards the means of enforcement, the decisions seem to justify the statement that an incorporated association which receives public money for the relief of public officers or employes of a certain class, owes to them a duty to admit them to membership so far as concerns their right to pension, and, in case they fulfill the pension conditions, a duty to place them on the pension roll. Either duty may be enforced by mandamus.[35] And when admitted to membership, they and their beneficiaries have the same rights as in case of ordinary benefit associations, and may maintain action for benefits to which they are entitled.[36]

In appropriating funds to a particular purpose the city or state may, of course, in the absence of special restriction, use any money or means of income at its disposal, whatever the source from which it comes. Frequently a tax has been imposed on fire insurance companies at a percentage of their premiums on policies effected within the district, and the proceeds devoted to the support of an incorporated fire department or fireman's relief association.[37]

Sometimes instead of providing for payment to the public treasury for subsequent appropriation over, statutes have assumed to impose

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Supp. 591, 73 Misc. Rep. 636; Com. v. Walton (1897), 182 Pa. St. 373, 38 A. 790, 61 Am. St. Rep. 712; Com. v. Barker (1905), 211 Pa. St. 610, 61 A. 253 (semble); Phoenix Ass. Co. v. Fire Dept. (1898), 117 Ala. 631, 23 So. 843, 42 L. R. A. 468. And see Fire Dept. v. Helfenstein (1862), 16 Wis. 136; Citizens Ins. Co. v. Herbert (1916), 139 La. 708 (payments to fire companies).

34. Leffingwell v. Kiersted (1907), 74 N. J. Law 407, 65 A. 1029; Buckendorf v. Minneapolis etc. Ass. (1910), 112 Minn. 298; 127 N. W. 1133; Stevens v. Minn. etc. Ass. (1914), 124 Minn. 381, 145 N. W. 35; Gibbs v. Minn. etc. Ass. (1914), 125 Minn 174, 145 N. W. 1075.

35. Leffingwell v. Kiersted (1907), 74 N. J. Law 407, 65 A. 1029 (right to membership); Buckendorf v. Minn. etc. Ass. (1910), 112 Minn. 298, 127 N. W. 1133 (a by-law excluding from membership firemen over a certain age is void, and a disabled fireman, excluded for age, is entitled to mandamus to place him on the pension roll, though not entitled, it seems, to relief "so far as the fines and dues of the association are concerned"); Stephens v. Minn. etc. Ass. (1914), 124 Minn. 381, 145 N. W. 35 ("Every fireman in good standing and meeting the requirements of the regulations of the association is entitled as a matter of legal right to a place on the pension rolls, whenever disabled to the extent declared by the laws of the association"). And it seems to be the better rule that mandamus lies though the association receives no aid from the state. Fickett v. Boston Firemen's Relief Fund (1915), 220 Mass. 319, 107 N. E. 957 (corporation created to administer relief to members of fire department cannot limit the relief to fire fighters). But compare Vannata v. Smith (1897), 61 N. J. L. 188, 38 A. 811; De Runtz v. St. Louis Police Relief Ass. (1913), 180 Mo. App. 1, 162 S. W. 1053.

36. Jones v. Firemen's Relief Ass. (Wis. 1912), 138 N. W. 618; Stevens v. Minn. etc. Ass. (1914), 124 Minn. 381, 145 N. W. 35; Gibbs v. Minn. etc. Ass. (1914), 125 Minn. 174, 145 N. W. 1075.

37. Commonwealth v. Barker (1905), 211 Pa. St. 610, 61 A. 253, and cases cited in succeeding notes.

on the insurance companies a duty to pay to the fire department or relief association directly. Such statutes have been held to be valid in Illinois, Wisconsin, New York and Alabama.[38] In some other states the correctness of these decisions has been questioned. If it is attempted to support the exaction as a tax, as the Illinois court supported it, it has been objected that a tax cannot be made payable by one class of citizens to another; that a state, for example, may raise money by taxation to pay its indebtedness, but cannot grant to its creditors a right themselves to collect contribution from the community to pay the debt; that it is essential that the money pass through the public treasury by levy, appropriation and payment by the city or state.[39] If, on the other hand, the statute is supported on the ground that it is an exercise of police power (which means perhaps that insurance companies may be made to contribute to a fireman's pension system on the same principle upon which a man may be made to equip his house with fire escapes), it has been answered, apart from other objections, that uninsured owners of buildings benefit from the services of a fire department as much and in the same way as do insurance companies, and that to impose a special burden in the form of a money payment on insurance companies from which other persons similarly situated are free, is to deprive them of property without due process of law, and to deny them the equal protection of the laws.[40]

If, however, the imposition is regarded, as it seems generally to be intended, as a tax, the objection that if confined to insurance companies it lacks uniformity, or denies due process or equal protection of law, though sometimes made, seems unsound, because insurance companies as a class may be subjected to a special excise for general

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38. Firemen's Benevolent Ass. v. Lounsbury (1859), 21 Ill. 511; Fire Dept. v. Helfenstein (1862), 16 Wis. 136; Trustees v. Roome (1883), 93 N. Y. 313, 45 Am. Rep. 217; Ashley v. Fire Dept. 1911), 133 N. Y. Supp. 591, 73 Misc. 636; Phoenix Ass. Co. v. Fire Dept. (1898), 117 Ala. 631, 23 So. 843, 42 L. R. A. 468.

39. Philadelphia Ass. v. Wood (1861), 39 Pa. St. 73, approved in Firemen's Relief Ass. v. Scranton (1907), 217 Pa. St. 585, 66 A. 1103. Where the payment is exacted from foreign companies alone as a condition of right to enter upon business in the state, as distinguished from a tax on companies which have already complied with the requirements for admission to do business, the objection is of less force. Citizens Ins. Co. v. Herbert (1916), 139 La. 708; Trustees v. Roome (1883), 93 N. Y. 313, 45 Am. Rep. 217.

40. See State v. Merchants' Ins. Co. (1857), 12 La. Ann. 802; Henderson v. London etc. Ins. Co. (1893), 135 Ind. 23, 34 N. E. 565, 20 L. R. A. 827, 41 Am. St. Rep. 410; Aetna Fire Ins. Co. v. Jones (1907), 78 S. C. 445, 59 S. E. 148, 13 L. R. A. (N. S.) 1147.

revenue purposes, and the excise is no worse because its proceeds are devoted before hand to a particular, appropriate purpose.[41]

e. Miscellaneous Applications of General Constitutional Provisions

The fourteenth amendment to the federal constitution which forbids states to deprive any person of liberty or property without due process of law, or to deny to any person within their jurisdiction the equal protection of the laws, and corresponding provisions in the constitutions of the states designed to shield the individual from the wanton and oppressive exercise of governmental power, make void, generally speaking, laws which arbitrarily discriminate against particular classes of persons, either by imposing on them burdens from which others are free, or by excluding them from benefits which others are permitted to enjoy. On the other hand, a statute based on legitimate reasons of justice and policy is not obnoxious to those provisions. These principles were applied in the following cases.

The Illinois act of 1911, providing pensions for municipal employes in cities of 100,000, excepted employes over 60 who had served less than ten years, and laborers who did not within six months elect to participate. It was held that the excepted classes were not deprived of the equal protection of law or denied due process, because the advanced age of one class and the uncertain tenure of the other diminished their chances of retiring on pensions, and furnished a rational basis for a difference of treatment if the legislature saw fit to make a difference.[42]

In a Minnesota case, it was held constitutional to exclude common law wives from the benefits of pensions provided for firemen's widows.[43] And a Washington case upheld the repeal as to abandoned wives of a statute for pensions to widows, abandoned wives and wives of convicts, who were in destitution. The state, said the court, may for reasons of policy aid certain classes of destitute persons by money grant, others by almshouse support, and others not at all.[44] A statute which made a city pensioner incapable of holding city employment, as distinguished from terminating his pension on his acceptance of employment, was held invalid, especially in view of a provision in the state constitution that no citizen shall be deprived of rights secured to any other citizen unless by judgment of his peers or the law of the

41. People v. Thurber (1852), 13 Ill. 554; Ducat v. Chicago (1868), 48 Ill. 172, affirmed 10 Wall. 410; Phoenix Ass. Co. v. Fire Dept. (1898), 117 Ala. 631, 23 So. 843, 42 L. R. A. 468.

42. Hughes v. Traeger (1914), 264 Ill. 612.

43. Minegar v. Minn. etc. Ass. (1914), 126 Minn. 332, 148 N. W. 279.

44. In re Snyder (1916), 93 Wash. 59, 160 P. 12.

land.[45] Where a state-wide teachers' pension fund was partly supported by money paid by the several school districts at a percentage of teachers' salaries, the money paid by each district, and ultimately to be raised by taxation within it, thus bearing no exact relation to the amount that would be paid in pensions to the teachers of that district, this was held not to take money without due process of law or to violate a requirement that taxes should be uniform.[46]

A legislature cannot, in general, delegate its power to make laws. But it may make the going into effect of its own law depend on a condition on whose fulfillment it may reasonably think the expediency of the law depends, and the condition may sometimes be the wishes of persons peculiarly affected by the law. A statute which makes the substitution of a new general teachers' pension scheme in place of local pension funds depend in each locality upon petition of two-thirds of the teachers there, is not invalid as a delegation to the teachers of power to make law.[47]

On the other hand, a statute which empowers a board to grant pensions without laying down any principle by which eligibility to pension is to be determined has been held an invalid attempt to delegate legislative power, and a statute which authorizes a board to relieve from duty any applicant who has served twenty years, and directs it to grant him a pension if relieved, has been held to be of that character.[48]

f. Special Constitutional Provisions

Section 13 of Article IV of the Illinois constitution provides that "no act hereafter passed shall embrace more than one subject, and that shall be expressed in the title." In construing this section in its application to pension laws, the following decisions have been made: The word "pensions" properly describes a system of annual payments to be made from a public fund to public employes retired on disability or after long service, and an act to provide for such a system entitled, "An act to provide for the formation and disbursement of a pension fund for municipal employes" of designated classes, sufficiently expresses its subject in its title.[49] It seems that the title, "an act to provide for the setting apart, formation and disbursement of a police

45. People v. Woodbury (1902), 77 N. Y. Supp. 241, 38 Misc. Rep. 189.

46. Fellows v. Connolly (Mich. 1916), 160 N. W. 581.

47. In re Bristol (1916), 160 N. Y. Supp. 410, 173 App. Div. 545, affirming 158 N. Y. Supp. 503, 93 Misc. Rep. 626.

48. Schmid v. Board (1912), 146 Ky. 335, 142 S. W. 688.

49. Hughes v. Traeger (1914), 264 Ill. 612.

pension fund," etc., embraces the subject of pensions to any persons connected with the police department, and hence of pensions to police matrons.[50] An act entitled "an act to provide a pension fund for public employes" may validly impose a general tax to support the fund, for that is a means to accomplish the purpose in regard to the subject expressed in the title.[51] In Indiana it has been held otherwise as to a special tax on fire insurance companies, on the ground that the title would not apprise one who read it, that it imposed such a tax.[52] Under a similar clause in the constitution of New Jersey, it has been held that as the establishment of a teachers' pension fund tends to efficiency in schools, it is germane to the object expressed in the title of an act entitled "an act to establish an efficient system of schools and to provide for its maintenance and management," and that an act so entitled is not, by including provision for a pension fund, rendered invalid as embracing more than one object, or an object not expressed in the title.[53] A law imposing a tax for the support of a teachers' pension fund, entitled "an act to impose a tax for the support of public schools" satisfies the requirement of the North Dakota constitution that "every law imposing a tax shall state distinctly the object of the same, to which only it shall be applied."[54] The California Supreme Court has held that a law entitled "an act to create a police pension fund" may include a provision merging the fund under a former law with the new fund.[55]

Section 13 of Article IV of the Illinois constitution provides that "no law shall be revived or amended by reference to its title, but the law revived or section amended shall be inserted at length in the new act." This provision invalidates the addition to a police pension law of a section providing pensions for police matrons, without inserting the sections of the original law which specified other persons who are to get pensions, since all those sections are essential to an understanding of the subject matter, as it exists after the amendment."[56] But an act imposing a tax for pensions, not to be considered as part of the general tax lavy, nor included in the limitation of three per cent of the assessed valuation upon which taxes are required to be extended, need not set

50. Lyons v. Police Pension Board (1912), 255 Ill. 139 (act held invalid on another ground).
51. People v. Huey (1917), 277 Ill. 561.
52. Henderson v. London etc. Co. (1893), 135 Ind. 23, 34 N. E. 565, 20 L. R. A. 827, 41 Am. St. Rep. 410.
53. Allen v. Board of Education (1911), 81 N. J. Law 135, 79 A. 101, affirmed 86 A. 1102.
54. State v. Hauge (1917), 37 N. D. 583, 164 N. W. 289.
55. Clarke v. Police Board (1898), 123 Cal. 24, 55 P. 576.
56. Lyons v. Police Pension Board (1912), 255 Ill. 139.

forth the provisions of the limitation act, because the pension act is complete in itself, and its effect may be appreciated without knowing the provisions of the limitation act.[57] The California Supreme Court has held that a law creating a new system of police pensions, and repealing the former law, but merging the old fund with the new fund, does not for that reason amend the provisions of the old law concerning the fund so as to require the new law to set them out.[58]

Section 22 of Article IV of the Illinois constitution forbids local or special laws in enumerated cases, and in any other case where a general law can be made applicable. Whether a general law can be made applicable is for the legislature to determine, not for the court. Hence an act fixing a maximum park police pension tax for Lincoln Park district, and different maximums for South Park and West Park districts, though special, is valid.[59] One of the enumerated cases in which the Illinois constitution forbids local or special laws is the case of "laws granting to any corporation, association, or individual any special or exclusive privilege, immunity or franchise whatever." It also provides that no corporation shall be created by special laws, except for charitable or other specified purposes. New Jersey has held that an act establishing a state board of trustees of a pension fund for all public school teachers of the state, with specified powers and privileges, is not, even if it creates a corporation, a "special act conferring corporate powers," and does not grant "exclusive privileges," because it deals with an entire subject and confers only political rights and duties.[60] A law establishing a pension fund for teachers of the state is not made special by a provision that it shall not apply to teachers in cities that already have a pension fund, as there is a difference in their situation which justifies a difference in treatment.[61]

g. Deductions from Salary for Pension Fund

A person who holds by appointment and not by contract a permanent position, provided for by law, whether it is an office or not, though entitled to salary accrued and due, at the rate fixed by law, is subject at any time to having his salary for the future reduced by proper public authority. There is no contract that he will continue to receive the same salary, nor does his occupancy of the position give

57. People v. Day (1917), 277 Ill. 543.

58. Clarke v. Police Board (1898), 123 Cal. 24, 55 P. 576.

59. Trustees v. Commissioners of Lincoln Park (1918), 282 Ill. 348. The Municipal Employes Act of 1911 is not invalid because it applies only to officers and employes of specified classes in cities of over 100,000. Hughes v. Traeger (1914), 264 Ill. 612.

60. Allen v. Board of Education (1911), 81 N. J. Law 135, 79 A. 101, affirmed 86 A. 1102.

61. Fellows v. Connolly (Mich. 1916), 160 N. W. 581 (court divided).

him any right in the nature of property to continue to receive it. A reduction of his salary during his term does not impair the obligation of contract nor deprive him of property without due process of law. A legislative direction that a sum equal to a percentage of his salary be deducted and paid into a pension fund is merely a reduction of his salary and the appropriation of an equivalent amount to the fund. It does not compel him to contribute to the fund or take his property. It is therefore valid, though he has only a contingent expectation of interest in the fund, and may never become entitled to a pension.

On these principles the municipal employes act of 1911, and the county employes act of 1915 were upheld.[62] For the same reasons the deduction from salary is not a tax.

These principles would not apply to a deduction from a salary, which salary had been agreed on by a contract made before the statute took effect. The provision for such a deduction would seem to be void as impairing the obligation of contract. But where the deduction is to be made from salaries of persons employed after the statute takes effect, it has been held that the contract of employment is to be interpreted, in view of the statute, as really being for a salary which is less than the nominal sum by the amount of the deduction provided for.[63] A contrary result has been reached in Ohio, on the ground that a promise to pay a fixed sum is not to be interpreted as a promise to pay a smaller one, that the deduction is consequently a special tax on teachers, not justifiable on the ground they receive a special benefit, since the chance that the teacher taxed will continue to serve until pensioned is small, and that therefore the deduction takes property without due process of law and violates the requirement that taxes be imposed by a uniform rule.[64]

The Ohio view seems to ignore the fact that a contract carries only such obligation as attaches to it by the law in force when it was made, and that by that law the teachers' contracts were subject to deduction. If, however, an employe is entitled to a given compensation, a provision for a compulsory deduction from it is void as a taking

62. Hughes v. Traeger (1914), 264 Ill. 612; Helliwell v. Sweitzer (1917), 278 Ill. 248; and see People v. McClave (1885), 3 How. Pr. (N. S.) 8, affirmed 102 N. Y. 468, 7 N. E. 406, Burke v. Board (1906), 4 Cal. App. 235, 87 P. 421.

63. Allen v. Board (1911), 81 N. J. Law 135, 79 A. 101, affirmed 86 A. 1102. And see Fellows v. Connolly (Mich. 1916), 160 N. W. 581; Murphy v. Board (1903), 87 App. Div. 277, 84 N. Y. Supp. 380 (by-law for deduction from salary for illness is valid as to future contracts).

64. Hubbard (or Hibbard) v. State (1901), 65 Ohio St. 574, 64 N. E. 109, 58 L. R. A. 654, affirming State v. Hubbard, 22 Ohio Cir. Ct. 252, 12 Ohio Cir. Dec. 87.

of property. To this extent the doctrine of the Ohio court seems sound, and upon that principle the Illinois Supreme Court held void the provision of the county employes act of 1915, for a compulsory deduction from salaries, so far as it applied to the deputies and assistants who by Section 9 of Article X of the constitution were entitled to receive the compensation fixed by the county board. Those who refuse to contribute voluntarily, it seems, are not entitled to pensions.[65]

II. POWER OF THE STATE TO REQUIRE MUNICIPALITIES TO PAY PENSIONS AND LEVY TAXES FOR THEM

The Supreme Court of Illinois has decided that the legislature has power to require municipalities to establish disability, retiring and death benefit pensions for policemen and to levy taxes to maintain the pension funds.[66] The decision rests on the theory that the prevention and prosecution of crime are a concern of the state and that when from motives of convenience the state vests municipalities with power to maintain a police force, it merely uses them as a means to discharge its own function and does not part with power to control the manner in which they execute the agency. It is important to observe, as the court makes plain, that there may be matters in regard to which a municipality stands to the state in much the same relation that a private individual does, and that as to such matters its relations to its employes may be subject to control only as are the relations between a private person and his employes; so that the state's power to compel a city to pension persons employed only in the city's private concerns or to levy taxes to pay the pensions is open to doubt, especially in view of the

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65. Helliwell v. Sweitzer (1917), 278 Ill. 248.

66. An act for police pensions in cities of 9,000 to 50,000, to be granted on specified conditions, in amounts based on police salaries, which provides that in such cities "there shall be set apart" specified items of income, and that a board "to be chosen as hereinafter provided shall be and constitute a board of trustees to provide for the disbursement of said fund," makes mandatory the establishment of the fund, and the mayor may in a proper case be mandamused to appoint members who by statute are to be appointed by him. People v. Abbott (1916), 274 Ill. 380.

An act which establishes a board of pensions for park policemen, the pensions to be granted on specified conditions, at rates based on salaries, and requires the commissioners to levy a tax at a rate sufficient to meet the board's estimate of the fund's needs, so that the amount of the tax is controlled by the statute, and the commissioners have no discretion in the matter, is valid; and if the commissioners refuse to make the levy on the ground that the act is unconstitutional, they are subject to mandamus. Trustees v. Commissioners of Lincoln Park (1918), 282 Ill. 348.

See also Firemen's Benevolent Ass. v. Lounsbury (1859), 21 Ill. 511, holding that in the absence of special constitutional restriction, the legislature may provide relief for Chicago firemen by taxing the Chicago agents of foreign fire insurance companies on business done in Chicago.

clause of Section 10 of Article IX of the Illinois constitution, which reads: "The general assembly shall not impose taxes upon municipal corporations, or the inhabitants, or property thereof, for corporate purposes." It is therefore important to review the authorities and considerations which bear upon the questions, first, what municipal officers or employes exercise a delegated state function, so that the state may require the municipality to pension them under the doctrine of the police cases, and, secondly, whether a different decision should be reached as to other municipal officers or employes, either upon general constitutional principles or under the particular provisions of the constitution of Illinois. These questions are somewhat complex and difficult.

Counties, townships, school districts, boards of education, and similar bodies, which because of the limited number of their corporate powers are sometimes called quasi-corporations, are essentially local agencies created for the local performance of state functions.[67] It seems clear that upon the principle of the police cases, the legislature may require these municipalities to establish pension systems for substantially all of their officers or employes of whatever class, and to exercise for their support whatever powers of taxation they may constitutionally possess. If a board of education or school district in maintaining schools acts as an agency of the state, so that the state can direct the manner in which it carries out the work by requiring it to establish a pension fund, the same thing is true of a city to which the state may entrust the conduct of schools instead of establishing a school district. In this, as in maintaining a police force, the city acts as a governmental subdivision of the state.[67a]

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67. Dillon, Mun. Corps. Sec. 37; Bush v. Shipman (1843), 5 Ill. 186, 190; Dennis v. Maynard (1854), 15 Ill. 477, 480; Sangamon Co. v. Springfield (1872), 63 Ill. 66, 71; Supervisors of Will Co. v. People (1884), 110 Ill. 511; Heffner v. Cass Co. (1901), 193 Ill. 439, 448, 449, 452 (overruled in People v. Block, 276 Ill. 286 on another point); People v. Bowman (1910), 247 Ill. 276, 286. In Kinnare v. Chicago (1898), 171 Ill. 332, 334, it was held that the board of education was not liable for personal injuries caused by the negligence of its employes in building a school house. Boggs, J., said: "It therefore appears the appellee board is a corporation or quasi-corporation appointed, nolens volens, by the general law of the state to aid in the administration of the state government, and charged, as such, with duties purely governmental in character, * * * It owns no property, has no private corporate interests, and derives no special benefit from its corporate acts. It is simply an agency of the state, having existence for the sole purpose of performing certain duties deemed necessary to the maintenance of an efficient system of free schools within the particular locality in its jurisdiction."

67a. It has been held in Ohio that a teachers' pension law dealt with a subject of general nature, and that a provision of the state constitution that all laws of a general nature should have a uniform operation throughout the state rendered it invalid if confined without reason to a particular

In considering in what other respects a city acts as agent for the state, it is useful to refer to decisions concerning the city's liability to persons injured by the misconduct of its employes. As to wrongs committed in the discharge of its functions, the city partakes of the immunity from liability for torts of agents which the state enjoys. The ground of exemption "is that in those matters the city acts only as agent of the state, in the discharge of duties imposed by law for the promotion and preservation of the public and general welfare, as contra-distinguished from mere corporate acts, having relation to the management of its corporate or private concerns, and from which it derives some special or immediate advantage or emolument in its corporate or private character."[68] On this principle a city is not liable for the negligence of firemen,[69] of nurses in a city hospital, maintained to cure and prevent the spread of disease,[70] or for the negligent management of a city jail, whereby small pox is spread.[71] There can be no doubt that employes of these classes fall within the principle of the police cases, and that the legislature may require cities to establish pension funds for them.[72] The same considerations apply to those employes of municipal water works and sewer departments whose duties are connected with the maintenance of protection against fire or with the promotion of health. In Normal School v. Charleston,[73] Cartwright, J., said: "In the creation of a system of water works and the operation of the same for the purpose of protection against fire, flushing sewers, or other uses pertaining to the public health and safety, the city is in the exercise of the police power and is therefore exercising a governmental function."

The maintenance of highways is a state function, and hence it would seem that employes engaged in the care of city streets are, like

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city. The court pointed out that common schools are public institutions of the state, of interest to all, that the advantages of teachers' pensions are not of a local character, but, because related to the efficiency of schools, would be realized in whatever localities the law was applicable (State v. Hubbard (1901), 22 Ohio Cir. Ct. Rep. 252, 12 Ohio Cir. Dec. 87, affirmed in 65 Ohio St. 574, 64 N. E. 109, 58 L. R. A. 564; State v. Kurtz (1901), 21 Ohio Cir. Ct. Rep. 261, 11 Ohio Cir. Dec. 705). In Dakota a statute for teachers' pensions was sustained which compelled each county to pay into the state fund ten cents for each child of school age in the county, and a percentage of teachers' salaries. State v. Hauge (1917), 37 N. D. 583, 164 N. W. 289.

68. Bailey, J., in Culver v. Streator (1889), 130 Ill. 238.

69. Wilcox v. Chicago (1883), 107 Ill. 334; Culver v. Streator (1889), 130 Ill. 238; Chicago v. Selz, Schwab & Co. (1903), 202 Ill. 545, 550.

70. Tollefson v. Ottawa (1907), 228 Ill. 134.

71. Evans v. Kankakee (1907), 231 Ill. 223.

72. The legislature may compel a city to pension superannuated firemen and to tax for the purpose. State v. Love (1911), 89 Neb. 149, 131 N. W. 196, 34 L. R. A. (N. S.) 607.

73. (1916) 271 Ill. 602, 605.

policemen, persons whose efficiency the state may secure by requiring cities to establish pensions for them. In many states the city is, upon this principle, not liable for their negligence. In Illinois, a city is liable for negligent *defects in the streets,* but the reason is not that the city is considered to be acting in a private and not in a governmental capacity. The Illinois view is that in accepting the privileges conferred on them by their charters, cities impliedly assume a responsibility toward those who use the streets for their safe condition, like that which rests on land owners in general. The private interest involved is rather that of the persons who use the streets.[74] For officers and employes of the above classes, it would seem, under the Illinois decisions, that the legislature could require municipalities to establish pension funds and to tax for their support. The question remains as to other officers and employes.

There is a theory that a right to local self government lies at the basis of our political institutions, so that when a state constitution provides for the establishment of local municipal governments, there is an implication that municipalities are to be free from control by the state in matters of "local concern." This theory is supported by the high authority of Judge Cooley, and has been received with favor in the courts of Indiana, Kentucky, Michigan, Montana and Nebraska.[75] By the weight of authority, however, there is no sufficient ground to infer intent to exempt the people of a municipality, or the municipality itself, in any degree from the ordinary governmental control of the state. Judge Dillon says: "The people are the recognized source of all authority, state and national, and to this authority it must come at last, whether immediately or by a circuitous process. An elected mayor or an appointed mayor derives his authority to act from the same source, viz., that of the legislature. It is not necessary to a municipal government that the officers should be elected by the people. Local self government is undoubtedly desirable where there are not forcible reasons against its exercise. But it is not required by any inexorable principle. These views have been adopted as judicially sound in most

74. See Kinnare v. Chicago (1898), 171 Ill. 332, 336. It has been held that the liability extends to the negligent management of a swinging bridge whereby it was made an instrument of damage (Guthman v. Chicago (1908), 236 Ill. 9; Lehigh Valley Trans. Co. v. Chicago (1909), 237 Ill. 581), but not, it is believed, to a case where the highway remained in safe condition, and the injury was due solely to the negligent acts of an employe working upon it, as in using his tools.

75. People v. Hurlburt (1871), 24 Mich. 44; Evansville v. State (1889), 118 Ind. 426, 21 N. E. 267, 4 L. R. A. 93; Lexington v. Thompson (1902), 113 Ky. 540, 68 S. W. 477; McDonald v. Louisville (1902), 24 Ky. L. Rep. 271, 68 S. W. 413; State v. Edwards (1910), 42 Mont. 135, 111 P. 734; Cooley, Const. Lims. (7th ed.) 335; Cooley, Taxation, Chap. 21.

courts that have had occasion to consider the question."[76] In Ward v. Field Museum,[77] Cartwright, J., said, for the court: "The city of Chicago, to the extent of the jurisdiction delegated to it by its charter, is but an effluence from the sovereignty of Illinois, governs for Illinois, and its authorized legislation and local administration of law are legislation and local administration by Illinois through the agency of that municipality."

Yet even if it is true that a city possesses, in the absence of special constitutional provisions, no implied right of local self government, but as to all its governmental policies is subject to the direction and control of the state, it is also true that the city and the state are not the same, but separate, entities. The property of the city is the property of its citizens in their collective capacity and is not the property of the state. The state cannot take it and devote it to the use of others. And *action* of the city which affects its property interests solely and does not affect the character or efficiency of its government, or the safety or convenience of its citizens, may well be beyond the state's control, except so far as it could control similar acts of private corporations. If the state cannot appropriate a thousand dollars from the city treasury for other than city uses, it can hardly require the city to pay a thousand dollars for a carpet in the city hall, if the city can buy the same carpet for less.

It is difficult exactly to define the extent to which this principle limits the state's power. It seems clear that the state can require cities to provide pensions for most city *officers* on the simple ground that it is tantamount to a regulation of their compensation. Judge Dillon says:[78] "The power of the legislature to prescribe the qualifications, hours of attendance, and the compensation of municipal officers is undoubted. It would not seriously be contended that the legislature could not fix the compensation of the mayor, commissioners of police, city treasurer or comptroller, nor can there be any doubt but that the legislature may prescribe the compensation to be paid to minor officers of the city, engaged in the performance of functions relating to police, health, and public safety."

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76. Dillon, Munic. Corps. (5th ed.) Sec. 98.

77. (1909) 241 Ill. 496, at 508. See further Chicago v. Cement Co. (1899), 178 Ill. 372, 380; People v. Bowman (1910), 247 Ill. 276, 286, and the cases cited under note 67 sup.; New Orleans v. Clark (1877), 95 U. S. 644; Brewer, J., in Williams v. Eggleston (1898), 170 U. S. 304; Denio, C. J., in Darlington v. N. Y. (1865), 31 N. Y. 164; Sinton v. Ashbury (1871), 41 Cal. 525; State v. Williams (1896), 68 Conn. 131, 35 A. 24, 421, 48 L. R. A. 465 and note; Opinion of Justices (1900), 175 Mass. 599, 57 N. E. 675; Ryan v. N. Y. (1904), 177 N. Y. 271, 69 N. E. 599; Borgis v. Falk (1911), 147 Wis. 327, 133 N. W. 209.

78. Dillon, Munic. Corps. (5th ed.), Sec. 118.

He continues: "But when officers of this class have been eliminated, there remain a great number of persons employed by a city and drawing compensation from its treasury, whose only claim to payment is that they are mechanics or laborers rendering services as such to the city."

The question arises how far the legislature can control the compensation of these employes. There is a conflict of authority as to the extent of the state's control over the terms of employment of city workmen. It has been held that the state by virtue of its general right to control the acts of a city, and of the public concern in the just and beneficent conduct of all city affairs, may require cities to establish an eight-hour day for city work,[79] or to pay current wages.[80] There is no reason to doubt that in states where this is law the legislature could require cities to establish workmen's pensions. The Illinois Supreme Court seems to be of a different opinion as to power to regulate hours of work and wages, but on a ground in no wise inconsistent with the doctrine of a general legislative control over city affairs. It considers that a municipal corporation, whether a county or a city, and if a city, whether acting in its governmental or in its proprietary capacity, holds its funds as a quasi trustee for the taxpayers to apply them for their benefit to the purposes for which they were raised. Any command of the legislature to apply the funds for the benefit of private persons would be void as a taking of property without due process of law, if a similar command to private employers would be. So of a command to employ only union laborers, or to employ workmen for less than the usual working day, which is "of such a nature as to restrict competition and to increase the cost of the work."[81] "Any statute which results in paying to him (the laborer) more than others pay for the same or like services imposes an increased burden upon the tax-payer, and diverts to the use of a private individual money raised by taxation, which by right can only be applied to a municipal and public purpose."[82] In other respects the legislature's power to control the manner in which city affairs shall be conducted is broad. Though a city owns land which forms a boulevard or park, the state may control its use even to the point of putting it under the manage-

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79. State v. Atkin (1902), 64 Kans. 174, 67 P. 519, s. c. Atkin v. Kansas (1903), 191 U. S. 207; McNulty v. N. Y. (1901), 168 N. Y. 117; 61 N. E. 111.

80. Ryan v. N. Y. (1904), 177 N. Y. 271, 69 N. E. 599.

81. Adams v. Brenan (1898), 177 Ill. 194, 199.

82. Dillon, Munic. Corps., Sec. 118.

ment of commissioners elected by the voters of a self-formed park district which does not include the whole city.[83]

Perhaps it is correct to say that in Illinois a municipal corporation stands to the state as a private individual does in respect to state regulations which directly affect the municipal property, and do not affect its governmental relations to the people, taken in the largest sense as including all provisions for the people's convenience, comfort or social betterment, and also as including measures affecting the fitness or efficiency of the municipality itself as an instrument for promoting the public interests in those respects. So that a regulation affecting city property interests alone, if it would be void as to an individual, is void as to a municipality. For this reason it is probable that there can be no requirement restricting to the employment of union laborers persons who contract with the board of education to build school buildings or who contract for city printing,[84] or for city buildings;[85] and that there can be no requirement limiting contractors on city buildings,[86] or, it seems, on sewers,[87] to eight-hour working days. But assuming that if the state cannot restrict a private employer, it cannot restrict a city, as to the workmen it may employ or as to the hours it may keep them at work, since the restriction would produce public expense for private benefit; it does not follow that a state may not require a city to provide pensions for its workmen, unless it can require private employers to do so.[88] The same reason would prevent the state limiting a city to the employment of policemen who were members of a policemen's union, yet the state may require a city to pension policemen. As has been said, it is only because pensions tend to improve service that a city is justified in spending public money on them. But as to all the activities of a city, its inhabitants have an interest that they

83. People v. Mayor (1869), 51 Ill. 17; People v. Walsh (1880), 96 Ill. 232. In some states it has been held that the state may take from a city the management of water works which the city owns and entrust them to other officers. David v. Portland Water Committee (1886), 14 Ore. 98; Coyle v. McIntyre (Del. 1884), 7 Houst. 44.

84. Adams v. Brenan (1898), 177 Ill. 318 (the board has no power in absence of statute).

85. Holden v. Alton (1899), 179 Ill. 318 (city ordinance invalid).

86. Fiske v. People (1900), 188 Ill. 206 (ordinance held to be beyond the power of the city and said to be beyond the power of the state).

87. McChesney v. People (1902), 200 Ill. 146.

88. By weight of authority employers may be required to compensate their workmen for, or to insure them against, accidental injuries. N. Y. Central R. Co. v. White (1917), 243 U. S. 188; Mountain Timber Co. v. Washington (1917), 243 U. S. 219; Jensen v. So. Pac. Co. (1915), 215 N. Y. 514, 109 N. E. 600, L. R. A. 1916A, 403; Western Indemnity Co. v. Pillsbury (1915), 170 Cal. 686, 151 P. 398; Cunningham v. Northwestern Imp. Co. (1911), 44 Mont. 180, 119 P. 554. If so, a city could be required to give similar compensation, that is to provide disability and death benefit pensions, so far as concerns injuries received in the course of employment.

be executed efficiently, and this interest is quite distinct from their "proprietary" interest that they be executed cheaply. Even outside of functions in a special sense "governmental," it is only matters of public interest with which cities concern themselves. They do not engage in the jewelry business or sell automobiles. They do not spend money on water works or a lighting system for the sake of spending it, but to promote a local public interest. It is to serve the local public interests of its inhabitants that the state endows a city with control over city affairs. Those affairs the state might have continued to control in all respects itself. The powers of the city government and the methods by which it shall exercise them are for the state to determine. To provide appropriate methods of city administration is essential to the protection of the interests of the inhabitants. For the state to direct a city *how* it shall carry on its affairs is not to dictate to it *what* it shall do. It is not inconsistent with the strict theory of local self government. A city which is simply required to establish a pension fund for its employes is left free to have as many employes as it pleases, or as few, and to employ them in any municipal work it sees fit. If the state can forbid the use in municipal administration of methods it thinks wasteful and incompetent, cannot it require the adoption of methods it thinks essential to securing the best service and establishing the best relations between the city and those who serve it, to the end that the city may better fulfill the purposes for which the state created it? Decisions in Wisconsin and in Michigan (in which latter state the theory of a constitutional right to local self-government prevails) to the effect that the state may require a city to compensate its workmen for accidental injuries, irrespective of its power to enact a compulsory compensation law for private employers, seem to justify the foregoing remarks and to be authority for the proposition that the state's power to control cities as its governmental agencies extends to the control in the public interest of the cities' relations with all their officers and employes, whether engaged in the discharge of their so-called governmental functions or of those functions sometimes distinguished as private or proprietary.

In Borgis v. Falk,[89] in answer to a suggestion that a workmen's compensation act, optional as to private employers, was void because compulsory as to municipalities, since it subjected them and their taxpayers to increased expense in a matter of local concern, Winslow, C. J., said: "We shall only say that the manner in which the state or public shall treat its workmen is peculiarly a matter for the legis-

89. (1911) 147 Wis. 327, 133 N. W. 209.

lature to determine. * * * We know of no reason why the public, acting by its law-making power, may not provide that its employes shall have as part of their compensation certain indemnities in case of accidental injuries in the public service. When the law does so provide, the raising of funds to discharge those indemnities becomes plainly a proper public purpose."

In Wood v. City of Detroit,[90] the power of the legislature to compel cities to compensate their workmen accidentally injured was directly in question; Ostrander, J., said, for the court: "The distinction between powers governmental in character and those private in character, as exercised by municipal corporations, does not involve the abrogation of the distinction between private municipal activity and private individual activity. To employ a seeming paradox, private municipal activities are all of them public. * * * There is not and there cannot be, any merely local power to tax persons or property. * * * Moreover, municipal corporations are still state agencies, and as such subject to state direction and control, none the less so because the exercise of such control may indirectly affect a private municipal activity. The act in its application to municipalities involves no right of local self government and management of corporate property. It deprives the municipality of none of its property, because, in effect, it is made lawful to raise by tax the money required to pay all injured employes some compensation. A new public purpose for which taxes may be levied is declared. The subject of the legislation which is in question here is a social subject in its very nature referable for community action to the state itself."

It remains to consider the effect of special provisions in the Illinois constitution upon state control over municipal pensions. The constitution of 1848 empowered the legislature to vest the corporate authorities of counties, townships, school districts, cities, towns and villages with power to tax for corporate purposes. This implied that the legislature could not delegate power to tax to any other persons or bodies, and accordingly it was held that an attempt to confer on park commissioners power to require a city to tax for a park was bad if the commissioners were not authorities of the city,[91] but good if they were elected authorities of the city.[92] This distinction has been enforced several times.[93] The constitution of 1870 retained the provision that the legislature might delegate to a municipal corporation

90. (1915) 188 Mich. 547, 155 N. W. 592.
91. People v. Mayor (1869), 51 Ill. 17.
92. People v. Salomon (1869), 54 Ill. 39.
93. Harward v. St. Clair Drainage Co. (1869), 51 Ill. 130; Lovingston v. Wider (1870), 53 Ill. 302.

(and to none other)[94] power to tax for its corporate purposes, and coupled with it a new provision prohibiting the legislature itself from imposing taxes for corporate purposes on municipal corporations, their inhabitants or property, but directing it to require municipalities to levy taxes to pay their debts.

The reason for adding the new clause is perhaps to be found in the fact that question had arisen as to the effect of the former clause on the power of the legislature itself to levy municipal taxes. In Harward v. St. Clair Drainage Co.,[95] the Supreme Court had declined to express an opinion as to the legislature's power "directly to impose a corporate tax for a corporate purpose." And in People v. Mayor,[96] the court, through Chief Justice Breese, said, in effect, that even if the clause did mean that the legislature must not itself levy taxes payable into the city treasury, yet if a city did not perform its work properly, as if it failed to maintain a satisfactory police force, or to quell an insurrection, the state itself might step in and do the work, and levy on the people of the city a tax for the cost, to be paid into the state treasury.

The new provision was perhaps intended to set at rest the doubt and to make it plain that the legislature must not itself lay taxes payable to the city for work done by the city, at least if the work related to the private rather than the governmental functions of the city. Similar clauses in the constitutions of other states have been so construed.[97] It seems never to have been decided in Illinois that this clause affects the legislature's power to require cities to lay taxes.

It is left to consider whether the mere specification that the legislature may vest municipalities with power to tax for corporate purposes cuts down the power over municipal taxation which consistently with general principles the state would otherwise have had. The compulsory police pension cases decide that it does not do so as to such corporate purposes as are delegated state functions. The language makes no distinction between governmental and private corporate purposes and no such distinction is required to give it significance and effect. In Givens v. Chicago,[98] it was held that the state could require a city to grade and curb streets and levy a tax or assessment for the cost, on recommendation of a board of local improvement which was

94. Updike v. Wright (1876), 81 Ill. 49, 53.
95. (1869) 51 Ill. 130, 134.
96. (1869) 51 Ill. 17, 30.
97. San Francisco v. Liverpool Ins. Co. (1887), 74 Cal. 113, 15 P. 380; State v. Wheeler (1891), 33 Neb. 563, 50 N. W. 770. But see, State v. Love (1911), 89 Neb. 149, 131 N. W. 196, 34 L. R. A. (N. S.) 607; McDonald v. Louisville (1902), 24 Ky. L. R. 271, 68 S. W. 413.
98. (1900) 188 Ill. 348.

not an authority of the city. Some expressions in earlier cases may have arisen from a hasty inference drawn from the remarks of Chief Justice Breese referred to above. The distinction he drew was between work done by the state and work done by the city. It was not a distinction between different kinds of work done by the city. Where Illinois statutes have been held void for imposing financial burdens on municipalities, it is believed that they will be found to have amounted to an unwarrantable taking of the taxpayers' money. Power to compel a town to support paupers is not power to compel it to issue bonds to the paupers which they may sell to secure the means of support, and the cases which hold that the state cannot compel a city to issue bonds in aid of a railway,[99] are not inconsistent with the proposition that it may require a city to make highways of its own.[100]

There seems to be nothing in the Illinois decisions to require a holding that the clauses of the constitution referring to taxation for corporate purposes take away any power which the state would otherwise possess to require municipalities to establish pension funds and to levy taxes for their support.

III. POWER OF MUNICIPALITIES TO GRANT PENSIONS

The grant of pensions is usually made under express authority from the legislature. Few cases have been found involving a municipality's power to grant pensions without express authority. In a Canadian case,[101] a city council passed a resolution that "an indemnity of $1000 shall be paid to the heirs of firemen killed in the performance of their duties." This was held to be a valid by-law, binding the city, being authorized by the clause in the city charter which gave power to make by-laws for its peace, order, good government and general welfare, as well as by a clause which gave power to make by-laws for hiring firemen. But in a Minnesota case,[102] it was held that a board of education, authorized to control and manage the schools of a city and to levy taxes for school purposes, was not thereby authorized to devote money so raised to a teachers' pension fund, nor to hire only such teachers as would agree to contribute to the fund.[103]

99. Marshall v. Silliman (1871), 61 Ill. 218; Cairo R. Co. v. Sparta (1875), 77 Ill. 505; Gaddis v. Richland Co. (1879), 92 Ill. 119; Choisser v. People (1892), 140 Ill. 21, 42.

100. See People v. Block (1916), 276 Ill. 286.

101. Enright v. Montreal (1909), 37 Quebec Superior Court, 448.

102. State v. Rogers (1901), 87 Minn. 130, 91 N. W. 430, 58 L.R.A. 663.

103. Policemen's and firemen's pension acts authorized Chicago to levy taxes not to exceed seven tenths and three tenths mills for the respective funds. The city appropriated to the funds "the amount provided to be levied." The appropriation was held void for indefiniteness, and levies thereunder of $700,000 and of $300,000 were held invalid. People v. Arnold Bros. (1918), 282 Ill. 305.

IV. PENSIONS AS PROPERTY

a. Pensions Distinguished from Gratuities

A grant of a right to receive at stated intervals a certain sum of money may be so made as to vest in the grantee a property right, as in the case of an annuity granted under seal, or so as to confer a contract right, as in an ordinary contract of benefit insurance. It is possible for a government in granting a right to receive money to adopt either method, but it cannot then revoke the right without, in the one case confiscating property, and in the other impairing the obligation of contract.[104] But although a bounty promised on a consideration which has been performed is irrevocable, it is presumably not the intent of a government which grants or provides for the future grant of pensions to confer an irrevocable right, or to promise that the pensions will continue to be paid. This is true even where the expecting beneficiaries voluntarily contribute to the fund.[105] Money actually paid becomes, of course, the property of the pensioner, and he may have a right to receive installments already payable of which he cannot be deprived, but as to installments of pension money that are to become payable in future, his position as possessor of a pension is like that of a tenant at will; the right which the state has conferred on him is subject to being revoked by the state at pleasure, by repeal or modification of the law under which it was granted. In other words, a pension is ordinarily a revocable right, which the state confers, not by way of contract or of permanent grant, but as a deserved gratuity, to be continued so long

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104. Where the legislature has contracted with an officer to pay him a pension for life, if he will serve twenty years, the pension is irrevocable. People v. Coler (1903), 173 N. Y. 103. So is a bounty promised on a consideration which has been performed. People v. East Saginaw Salt Co. (1861), 9 Mich. 327.

105. In re Bristol (1916), 160 N. Y. Supp. 410, 173 App. Div. 545, affirming 158 N. Y. Supp. 503, 93 Misc. Rep. 626 (teachers' pensions). But in Ball v. Board of Trustees (1904), 71 N. J. Law 64, 58 A. 111, a New Jersey court held that where a teachers' pension fund established pursuant to statute was wholly made up of contributions by teachers and of gifts, the acceptance of a contribution created a contract by the board to award a pension on the fulfillment of the conditions, and that a later statute which made the right conditional on the approval of the board, whose decision as to whether the conditions were fulfilled should be conclusive, impaired the obligation of the contract. "The annuity," said the court, "is not a pension granted by the state and no part of it is payable out of state funds."

In Gibbs v. Minn. etc. Assn. (1914), 125 Minn. 174, 145 N. W. 1075, Ann. Cas. 1915C, 749, the state had created a firemen's relief association, with a pension fund supported partly by the state and partly by members' dues. It was held that pensions contributed to by state money were under control of the state, that the association made no contract with its members to continue to pay them, and that the state might by law cut off pensions already granted.

as its continuance is thought conducive to the general good.[105a] So far as relates to installments not yet payable, a statute is valid which discontinues pensions or reduces their amount or subjects them to new conditions, not only as applied to persons who have entered service in expectation of pensions without yet having become entitled to them,[106] but also as to persons who, as by long service are entitled to receive a pension on application,[107] and even as to pensioners already on the rolls and in receipt of pensions.[108]

105a. The principle applicable is that which controls the construction of laws fixing official salaries, granting exemption from annual taxation, or offering annual bounties. It is "well settled that salaried public offices created by the legislature are not held by contract or grant. The legislature has full control over them unless restricted by the constitution, and may abolish them altogether, or impose upon them new duties or reduce their salaries." Miller v. Kister (1885), 68 Cal. 144, 8 P. 813; Pennie v. Reis (1889), 80 Cal. 266, 22 P. 176 (even if it were true that pension is a part of salary, salary could be reduced during term of office by abolishing pension); State v. Board of Trustees (1904), 121 Wis. 44, 98 N. W. 954 (same point). An exemption from taxation available to persons who comply with certain conditions is presumably not intended as a promise to continue the exemption, and, though the condition has been complied with, may be withdrawn for the future. People v. Roper (1866), 35 N. Y. 629 (exemption from poll tax after seven years in militia); Salt Co. v. East Saginaw (1871), 13 Wall. 373, affirming 19 Mich. 259, 2 Am. Rep. 82 (exemption of property used in making salt). As to offer of annual bounty, see Comm'rs of Jefferson Co. v. Hudson (1878), 20 Kans. 71.

A grant to a firemen's relief association of a share of fire insurance rates received by the city does not confer a right to receive the rates so long as the city shall levy them, and the legislature may devote them to another use. Benevolent Assn. v. Farwell (1881), 100 Ill. 197, affirming 4 Ill. App. 36.

106. Pecoy v. Chicago (1914), 265 Ill. 78 (term of police service changed from ten years to twenty years); Pennie v. Reis (1889), 132 U. S. 464, affirming 80 Cal. 266, 22 P. 176 (repeal of $1000 benefit payable to representatives on policeman's death in service); Clarke v. Police Ins. Board (1898), 123 Cal. 24, 55 P. 576 (same facts); State v. Board (1916), 192 Mo. App. 583, 184 S. W. 929 (semble); Friel v. McAdoo (1905), 91 N. Y. Supp. 454, 101 App. Div. 155, affirmed in 181 N. Y. 558, 74 N. E. 1117 (retiring allowance made dependent on board's discretion); In re Bristol (1916), 160 N. Y. Supp. 410, 173 App. Div. 545, affirming 158 N. Y. Supp. 503, 93 Misc. Rep. 626 (school pensions repealed as to janitors); State v. Board of Trustees (1904), 121 Wis. 44, 98 N. W. 954.

107. Chalk v. Darden (1877), 47 Texas 438 (law for pensions for soldiers taken prisoner repealed after application for pension but before certificate issued); Cohrn v. Henderson (1912), 19 Cal. App. 89, 124 P. 1037 ($1000 death benefit to widow on death of policeman retired on pension repealed after retirement and before death); Gibbs v. Minn. etc. Assn. (1914), 125 Minn. 174, 145 N. W. 1075, Ann. Cas. 1915C, 749 (pension to fireman's widow repealed after fireman's death and before application for pension).

108. Ricks, J., in Eddy v. Morgan (1905), 216 Ill. 437, 449 ("Because one is placed upon a pension roll under a valid law is no reason why that law may not be repealed and the pension cease."). U. S. v. Teller (1882), 107 U. S. 64 (grant of military pension revoked).

O'Mara v. U. S. (1911), 47 Court of Claims 27 (soldier's pension made payable to soldiers' home of which he was inmate); Dale v. Governor (Ala. 1831), 3 Stewart 387 (A statute directing the treasurer to pay annually for

A discontinuance of a pension will generally be brought about by a repeal of the statute under which it was granted, for the repeal revokes authority to make future payments, except as to installments due at the time of repeal.[109]

A pension, though revocable, is when granted unconditionally, not a mere expectation of gratuity, but a present property right; in essence, it is the present right to receive payments of installments as they may fall due in future, unless and until the pension is determined. In the absence of statutory restriction, the pensioner may, as will hereafter be seen, assign the right, and his creditors may reach it to apply it to the payment of his debts. As each installment falls due, there arises a right to receive payment which is irrevocable and passes on the pensioner's death as a part of his estate.[110]

These statements apply to pensions in the strict sense. It is, however, necessary in every case to examine the terms of the authority under which the pension is granted, for where it is payable only out of a particular fund, or at the discretion of the board, these conditions

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life a colonel's half pay for services and sufferings in Indian wars is not a grant of an annuity, and its repeal does not impair the obligation of contract); MacFarland v. Bieber (1909), 32 App. D. of Col. 513 (act taking away statutory monthly pension to fireman retired for disabling disease contracted in line of duty does not deprive of property, or violate a contract, as a pension is a bounty); Head v. Jacobs (1912), 150 Ky. 290, 150 S. W. 349 (discontinuance of life pension granted by board under general law); Minegar v. Minn. etc. Assn. (1914), 126 Minn. 332, 148 N. W. 279 (widows' pensions discontinued as to common law wives); State v. Farley (1901), 22 Ohio Cir. Ct. Rep. 48, 12 Ohio Cir. Dec. 273; (fireman's disability pension increased by statute from $40 a month to $50, and by a second statute diminished to $42.50. "The granting of pensions * * is * * of such a nature as to leave it within the power of the legislature to wholly abolish or change."); In re Snyder (1916), 93 Wash. 59, 160 P. 12 (pension to destitute, abandoned mothers revoked by repeal of law); Marchant v. Lee Conservancy Board (1874), L. R. 9 Ex. 60 (A municipal corporation, authorized by statute to grant proper annuities to retiring officers, passed a resolution on an officer's retirement "that a retiring allowance of £300 per annum be granted to him during the remainder of his life." It was held that this was not a grant of an irrevocable right, nor was there a contract arising from service in expectation of pension that such annuity as might be granted would be continued, and that after the corporation reduced the annuity, there was no right except to the reduced amount.)

109. U. S. v. Teller (1882), 107 U. S. 65; Dale v. Governor (Ala. 1831), 3 Stewart, 387; Cohrn v. Henderson (1912), 19 Cal. App. 89, 124 P. 1037; Chalk v. Darden (1877), 47 Tex. 438; In re Snyder (1916), 93 Wash. 59, 160 P. 12 (mothers' pensions). Compare O'Dea v. Cook, cited in note 112. But a proclamation placing certain officers without the scope of a pension act is to be construed only as preventing the award of pensions in future, not as cutting off pensions already granted. Geary v. Queen (Victoria, Australia), 2 W. W. & A'B. 50.

110. Foot v. Knowles (Mass. 1842), 4 Met. 386; Slade v. Slade (Mass. 1853), 11 Cush. 466; Stevens v. Minn. etc. Assn. (1914), 124 Minn. 381, 145 N. W. 35; Alexander v. U. S. (1868), 4 Court of Claims, 218; Noushabah Sooltan Begum v. Nubeerah Sooltan Begum (1868, India, Northwestern Prov.), 3 Agra, High Ct. Rep. 44 (a grant of pension to another on pen-

are limitations on the right; and where it appears that there was no intent to expose the city or board to liability to a money judgment, it may be that the only remedy is by mandamus against the officers charged with the duty of making payment. Nevertheless such provisions as to the conditions upon which or the mode in which the right may be enforced, would not ordinarily affect the nature of the right. To say that a man has been granted a pension is not a mere mode of expressing the fact that it is the duty of the pension board to pay him money at stated intervals. It is the fact that he has the pension which is the ground for imposing on the board a duty to pay it.

Thus it is held in England that though its payment is dependent on annual votes of the legislature, a pension is property and passes on the pensioner's bankruptcy to his trustee,[111] and that though there is no remedy provided by which suit can be maintained against the city for an overdue installment of a police pension, nevertheless the city is subject as a debtor to garnishment by a creditor of the pensioner. The installments in arrears constitute a debt.[112] Where a California statute provided that on a policeman's death his widow should have $1,000, and on application by a widow the award was wrongfully refused, and then the statute was repealed, it was held that the widow was nevertheless entitled to mandamus to compel the pension board to pay the money, on the ground that her right was a vested right of property which survived the repeal of the statute, and of which, the court thought, the legislature could not constitutionally have deprived her.[113] And it has several times been said that where one is immediately and unconditionally entitled to receive pension money on appli-

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sioner's death does not carry the arrears.) But see In re Smith (1902). 130 N. C. 638, 41 S. E. 802, and Gill v. Dixon, commented on in note 119.

By force of an act of Congress if a federal pensioner dies leaving a widow or children, pension arrears are not a part of his estate, but are payable to the widow or children. Walton v. Cotton (1850), 19 How. 355; Fogg v. Perkins (1848), 19 N. H. 101; Perkins v. Perkins (1865), 46 N. H. 110; Chapman v. Loveland (1860), 11 Ohio St. 214; Pinson v. Sanders (1906), 29 Ky. Law Rep. 715, 96 S. W. 444.

111. Ex parte Huggins (1882), 21 Ch. Div. 85.

112. Booth v. Trail (1883), 12 Q. B. D. 8; Williams v. Delohery (1913), A. C. 172. Where a California statute pensioning widows of policemen killed on duty was repealed as to certain injuries after a policeman had been so injured but before he died, the repeal was held not to apply, on the ground that when the injury occurred there came into existence, not a mere offer of gratuity, but a right to have a pension if the injury proved fatal, and there was presumably no intent to revoke an existing right. O'Dea v. Cook (1917), —Cal. —, 169 P. 366.

113. Kavanaugh v. Board (1901), 134 Cal. 50, 66 P. 36. See, also, MacFarland v. Bieber (1909), 32 App. D. of C. 513 (arrears not affected by repeal).

cation, it constitutes a claim which the legislature cannot destroy.[114] Where a statute made pensions incapable of transfer, and a pensioner surrendered his right to the government in exchange for a lump sum paid in commutation, it was held that the surrender was void and that the right to the pension continued, for the intent of the statute was not to put the pension on the basis of a mere personal gratuity, but rather, recognizing it as a property right, to ensure its enjoyment by the recipient against his own improvidence, by rendering him incapable of giving up the right, even to the government against which it existed.[115] A pension payable from city revenues to a retired officer is more than an expectancy of future income, and a creditor may have a receiver appointed to receive future installments.[116]

The Illinois courts take the same view of the nature of a pension. In O'Connor v. Trustees of Firemen's Pension Fund,[117] it was held that a fireman, presently entitled to a pension, though he had not yet applied for it, had such right to receive it as to give him an equitable interest in the management of the fund sufficient to entitle him to maintain on behalf of all future beneficiaries, a bill against the pension board to prevent their paying unauthorized pensions. In Hughes v. Traeger,[118] Mr. Justice Dunn, speaking for the court, said that the legislature might divert a pension fund to other uses without violating any right of an expectant pensioner "for *until the happening of the event* designated by the statute for its distribution he has no vested right in the fund, but only an expectancy created by the law which the law may revoke and destroy." The above authorities, it will be noted, are inconsistent with the theory that a pension awarded is a mere expectation of future gratuities, or that pension money is paid as a present gratuity; but they depend on the theory that a pension when awarded is property of the pensioner, and gives him so long as it remains undetermined, a right to receive the installments of pension money, and that on the happening of the event which determines the right to any installment, it becomes irrevocable as to that installment. This theory is borne out also by the cases under the succeeding subheadings.[119]

114. Pennie v. Reis (1889), 132 U. S. 464, 471; Gibbs v. Minn. etc. Ass. (1914), 125 Minn. 174, 145 N. W. 1075, Ann. Cas. 1915C, 749. See Preston v. Chicago (1912), 226 U. S. 447, on error to 246 Ill. 26.

115. Dionne v. Queen (1895), 24 Canada Sup. Ct. 451.

116. Imperial Bank v. Motton (1897), 29 Nova Scotia 368, and cases in note 147.

117. (1910), 155 Ill. App. 460.

118. (1914), 262 Ill. 612.

119. But Gill v. Dixon (1902), 131 N. C. 87, 42 S. E. 538 held that the right to receive future installments of a pension was not assignable because *until the warrant issued* the pensioner had no interest in them, and consequently nothing to assign. The decision probably rests on the language of

b. Assignment of Pensions

A pension is assignable except so far as in special cases reasons of public policy or statutes prevent. Not only is it like an ordinary chose in action, assignable in equity,[120] but, as a property right, it is assignable at law, so that the assignee becomes entitled as of his own right, and not merely as a person having an interest in the claim of another. [121] In the leading case of Wells v. Foster, Baron Parke said: "* * * a man may always assign a pension given to him entirely as a compensation for past services, whether granted to him for life or merely during the pleasure of others. In such a case the assignee acquires a title to it both in equity and at law and may recover back any sums received in respect of it by the assignor after the date of the assignment."

But by English law, where a pension is awarded to a person who, though retired from active service, is liable to being recalled to duty, it is considered that a part of the purpose is to enable him to maintain himself in fitness for the duties he may be called upon to perform, and hence the right is personal to the grantee, and, like a right to practice law or medicine, is incapable of transfer to another.[122] Upon an analogous ground, a "pension having for its object a perpetual memorial of national gratitude for public services" is, in England, incapable of assignment.[123] For similar reasons, salaries not yet earned of officers

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the statute (N. C. Acts of 1899, Chap. 198, Sec. 13) which is to the effect that when warrent issues the pensioner has a vested right. Nagle v. Stagg (N. Y. 1874), 15 Abb. Prac. (N. S.), 348 held that as the police pension there in question was a gratuity, *overdue* installments were not a debt, and a receiver of the property of a pensioned ex-policeman had no authority to receive them. In State v. Holmes (1915), 23 Ohio Cir. Ct. Rep. (N. S.), 133, it was assigned as a reason why mandamus lay to compel payment of a pension, that the city was not suable as for a debt because the pension was gratuitous.

Timothy v. Day (1906), 2 Irish Rep. 26; Gibson v. East India Co. (Eng. 1839), 5 N. C. 262, 7 Scott 74; and Innes v. East India Co. (Eng. 1856), 17 C. B. 351, are not inconsistent with the doctrine stated in the text. The first case was an award of a gratuity; in the others pensions to employes were granted only by resolution of a corporation's board of directors.

120. Spooner v. Payne (Eng. 1849), 2 De Gex & Smale 439, affirmed (1852), 1 De Gex M. & G. 383; Heald v. Hay (Eng. 1862), 3 Giff. 467; Carew v. Cooper (Eng. 1863), 4 Giff. 619; James v. Ellis (Eng. 1870), 24 L. T. 12, 19 W. R. 319; Lloyd v. Eagle (Eng. 1858) 28 L. J. Ch. 389, 5 Jur. (N. S.), 187; Ex parte Huggins (Eng. 1882), 21 Ch. Div. 85.

121. Wells v. Foster (Eng. 1841), 8 M. & W. 149, 152; McCarthy v. Gould (Ire. 1810), 1 Ball & B. 387. (The pensioner's creditor may have a receiver appointed without serving notice on the Lords of the Treasury as debtors); Madhavrav Panae v. Bapurav Panse 4 Bombay A. C. 62.

122. Wells v. Foster (1841), 8 M. & W. 149, 152.

123. Davis v. Duke of Marlborough (1818), 1 Swan. 74. In an early case it was said: "If a man were created duke, and, for the maintenance of his dignity, the king granted him L20, he could not grant that to any other, for it is incidental to his dignity." Oliver v. Emsonne (1514), Dyer 1, b, 2a.

of the national government by English law are not assignable. They are intended to supply the incumbents with the means which may be necessary for the proper discharge of their duties.[124]

In the United States, the same rule exists, and is extended even to salaries of municipal officers. They are not assignable except so far as already earned.[125] It therefore seems probable that in the United States municipal pensions to officers retired from active duty, but subject to recall to duty and still in service so as to be subject to dismissal, would be held to be unassignable, so far as concerns installments not yet due, as national pensions are in England. If so, then as to officers or employes retired on pension but subject to recall in case of emergency or of recovery from disability,[126] the question of assignability may resolve itself into a question arising on the terms of the particular statute as to whether the pension has as a part of its purpose to enable the municipality to obtain the pensioner's services when the occasion for recall arises. A superannuation allowance to which a statutory liability is attached to re-enter the service if required, has been held not assignable.[127] But other courts have held that a pensioner so liable to recall is not in government service,[128] and that his pension is not awarded in expectation of future service, and is not conditioned on his remaining in the state.[129]

Pension laws frequently provide that the pensions shall not be assignable.[130] Such a provision makes void an assignment of a right to

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124. Stone v. Lidderdale (1795), 2 Anst. 533 (army and navy officers); Barwick v. Reade (1791), 1 H. Bl. 627; Palmer v. Bate (1821), 2 Brod. & Bing. 673 (clerk of the peace): Cooper v. Reilly (1829), 2 Sim. 560 (assistant Parliamentary counsel to Treasury); Arbuthnot v. Norton (1846), 5 Moo. P. C. C. 219; Picton v. Cullen (1900), 2 Irish Rep. 612, semble; Kenny, J., in McCreery v. Bennett (1904), 2 Irish Rep. 69. But the rule does not prevent creditors reaching installments of salary already due. Picton v. Cullen (1900), 2 Irish Rep. 612. And, in England, the doctrine does not apply to salaries of local offices payable from local funds. A chaplain appointed to a city workhouse may validly assign his future salary as security for a debt. In re Mirams (1891), 1 Q. B. 594. And a grant of a menial office in the House of Lords for a term of years is liable to creditors. Schellinger v. Blackerby (1749), 1 Ves. Sr. 347.

125. Bliss v. Lawrence (1874), 58 N. Y. 442; Bowery Bank v. Wilson (1890), 122 N. Y. 478; Dillon, Mun. Corp. Sec. 428, n.

126. See, for example, the provisions of Ill. Laws 1917, pp. 234, 236, 264, 273, 276, 277, 614.

127. Waldron v. Croghan (1881), 7 L. R. Irish 320; MacDonald v. O'Toole (1908), 2 Irish 386 (the court will not appoint a receiver by way of equitable execution over future installments).

128. Dionne v. Queen (1895), 24 Canada Sup. Ct. 451.

129. Moffatt v. Lowell (1913), 215 Mass. 92. And see cases cited in note 197.

130. It is expressly so provided, in varying language, in the Illinois policemen's and firemen's acts for cities of 200,000, in the municipal employes' act of 1911, and in the acts for officers and employes in counties of 150,000, for house of correction employes, for public library employes,

the pension as a whole or of the right to receive particular installments due or to fall due in the future, whether made by way of sale or to secure a debt. It prevents the accrual to a pension agent of a lien on a military pension certificate for his reasonable fees for services.[131]

A considerable litigation has arisen as to what transactions in relation to pensions are void as attempted assignments. Since the object is to secure to the pensioner the continued receipt of the means of support, a transfer to the government or body which has granted the pension is, it has been held, within the prohibition, so that a surrender of the pension for a lump sum in commutation is void, and the pension continues to be payable.[132]

A provisional credit for an installment of pension money due, given to a pensioner by a bank which has received his power of attorney to collect but has not yet collected it, is in effect only a claim to the pension money itself, and so unassignable, and consequently not subject to garnishment by the pensioner's creditors. But when the bank has received the pension money, and the pensioner has had an opportunity to avail himself of it, his bank account, though it arises wholly from pension money, is assignable and subject to attachment, being the equivalent of money in the pensioner's hands.[133]

Where pension money is paid by warrant or check to the pensioner's order, the instrument, though only conditional payment, is assignable,[134] and hence the delivery of a pension check with power of attorney to collect it, entitles the holder to keep the money if such is the intent.[135] A rule of the board of managers of a soldiers' home which, to preserve discipline and prevent intoxication and extravagance, requires inmates to deposit on receipt of their pension checks all sums in excess of $5, is not void as compelling the assignment of pensions which by act of Congress are unassignable, where the managers hold the excess for account of the pensioner or of his dependents.[136] An agreement to pay a portion of pension money as such is an assignment of an interest in the pension, but an agreement to pay a sum of money does not constitute an assignment of an interest in a pension, simply

for park police, and for teachers and public school employes. The firemen's act for cities of 5000 to 200,000, and the municipal employes act of 1905 provide that the pension fund shall be sacredly kept, and distributed for pensioning the persons named, and for no other purpose. The policemen's act of 1887, and the policemen's act for cities of 5000 to 100,000 are silent.

131. Payne v. Woodhull (N. Y. 1856), 6 Duer 169.

132. Dionne v. Queen (1895), 24 Canada Sup. Ct. 451.

133. Jones & Co. v. Coventry (1909), 2 K. B. 1029.

134. Tanner v. Turner (1884), 64 Iowa 690, 21 N. W. 140; Jones & Co. v. Coventry (1909), 2 K. B. 1029.

135. Schwab v. Ginkinger (1897), 181 Pa. St. 8, 37 A. 125.

136. Loser v. Board of Managers (1892), 92 Mich. 633, 52 N. W. 956.

because payment is to be made when pension money is received, or is to be made out of the money received and not otherwise, or because the amount payable is to be equal to a given percentage of the pension money. Thus an agreement that an agent to obtain and collect a pension, may, as compensation, retain from the money received so much as is awarded as back pay, is void as an attempt to assign a portion of the pension right.[137] But a contract to pay, as compensation for services in securing the pension, an amount equal to half of the pension that may be secured is not an assignment, as it gives no interest in the pension money.[138] So of an agreement to pay, for services in endeavoring to secure an increase of pension, a sum equal to one-third of the increase that should be secured.[139] So, also, of an agreement to repay money borrowed to use in getting a pension when an equal amount of pension money shall have been received.[140]

Pension money when received may be disposed of as the pensioner wishes. Paying it all over in consideration of an agreement to support the pensioner is not an assignment of the pension, though the purpose of the pension grant was to assure the pensioner an independent means of support. Accepting a large gift made out of pension money in gratitude for services in securing the pension does not violate an act of Congress which forbids directly or indirectly receiving more than $25 for the services.[141]

Whether a bequest of pension money due, or perhaps a general assignment of it for benefit of creditors, would fall within a provision against assignments, might perhaps depend on the language and context of the prohibition. The act of Congress which makes null all transfers of claims against the United States is held not to apply to voluntary assignments for creditors, and not to prevent title passing to a trustee in bankruptcy, or, it seems, passing by bequest.[142]

c. Creditors' Rights to Pension Money

Since in the absence of statute or special reason of policy to the contrary pension money does not have to be paid for account of the pensioner himself, but his rights in his pension are transferable, his creditors may by appropriate legal process secure the application of the pension money toward the satisfaction of their claims. "A pension

137. Powell v. Jennings (1856), 3 Jones Law (48 N. C.), 547.
138. Painter v. Drum (1861), 40 Pa. St. 467.
139. Jenkins v. Hooker (N. Y. 1854), 19 Barb. 435.
140. Crane v. Linneus (1885), 77 Me. 59.
141. Schwab v. Ginkinger (1897), 181 Pa. St. 8, 37 A. 125.
142. Erwin v. U. S. (1879), 97 U. S. 392; Goodman v. Niblack (1880), 102 U. S. 556.

granted for past services, like any other available income, is attachable for the purpose of satisfying the party's just debts."[143]

But ordinary methods of seizure by legal process may be inapplicable. Where pensions are payable only from a fund, and only in such proportion as in the opinion of the board the fund will justify, installments may not constitute a debt owed to the pensioner, at least until action by the board. Moreover, by the law of Illinois and of many other states neither writ of execution[144] nor process of garnishment served on the debtor[145] will lie against a municipality. Apart from these difficulties, future installments of pension money cannot be reached by garnishment, because they do not constitute a debt certain to fall due, for the pensioner may die before the date for payment.[146]

It is an established practice in English courts, when without power to order the pension authorities to pay the money into court, to appoint, at the instance of a creditor who cannot otherwise obtain adequate relief, a receiver or sequestrator with authority to receive payment of pension money due or thereafter falling due, and apply it on the debt, and for the court to restrain the pensioner from collecting it.[147]

It has been suggested that municipal pensions are exempt from seizure for debt for the same reasons which protect municipal salaries.[148] In an Indiana case,[149] in which, however, the decision turned upon another point, the court, in answer to the suggestion, said: "It is pushing analogy to an unreasonable length to affirm that pensions are protected independently of statute, upon the same grounds as the salaries of public officers. The salaries of officers are protected from seizure in order to prevent the machinery of government from being stopped by a withdrawal of compensation from those charged with the administration of governmental affairs, and this reason (and reason is the life of all rules of law) cannot extend to pensioners."

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143. Willcock v. Terrell (Eng. 1878), 3 Ex. D. 323. See also cases in note 147.

144. Chicago v. Halsey (1861), 25 Ill. 595.

145. Millison v. Fisk (1867), 43 Ill. 112; Merwin v. Chicago (1867), 45 Ill. 133; Bivins v. Harper (1871), 59 Ill. 21 (school directors); Badenock v. Chicago (1806), 222 Ill. 71.

146. Webb v. Stenton (1883), 11 Q. B. D. 518.

147. Willcock v. Terrell (1878), 3 Ex. D. 323 (judge's pension); Sansom v. Sansom (1878), 4 P. D. 69; M'Carthy v. Gould (Ire. 1810), 1 Ball & B. 387; Snow v. Bolton (1881), 17 Ch. Div. 433; Murphy v. Green (1890), 26 L. R. Irish 610; Molony v. Cruise (1892), 30 L. R. Irish 99; Manning v. Mullins (1898), 2 Irish 34; Imperial Bank v. Motton (1897), 29 Nova Scotia 368; Knill v. Dumergue (1911), 2 Ch. 199. So as to the salary, due but unpaid, of a public schoolmaster; Picton v. Cullen (1900), 2 Irish Rep. 612.

148. For a statement of these reasons see Dillon, Mun. Corp. Sec. 428.

149. Cavanaugh v. Smith (1882), 84 Ind. 380, 386.

Pensioners, however, who are subject to being recalled to duty may be in a position analogous to that of officers, and if a pension is held to be unassignable because designed to enable the pensioner to hold himself ready for future duty, it should for the same reason be exempt from attachment. Reasons of public policy sufficicient to prevent the man himself using his pension to pay his debts should be sufficient to prevent his creditors so using it against his will.[150] Since, however, an officer's creditors may reach installments of his salary already earned and due,[151] they may reach overdue installments of pension money.[152]

Statutes Exempting Pensions from Attachment by Invalidating Assignments

A statute which invalidates the assignment of a pension would seem for the reasons just stated to exempt it from attachment. Such was held to be the result, even as to installments already payable, of an act which made void any assignment of or charge upon a pension.[153] Even where, by proceedings adverse to the pensioner, pension money had been paid into court, it was decided in an English case that the creditor was not entitled to the money.[154] Lord Esher said: "It was and is pension on its way from the Crown to the defendant." Bowen, L. J., said: "It continued to be pension, which he had no power to assign, and which could not therefore be taken in execution." But in an earlier case it was held that where the statute under which a municipal pension was granted, made the pension money, as it became payable, a debt due from the city to the pensioner, a creditor could reach the debt, in spite of a provision that the pension should not be assigned.[155]

Statutes Expressly Exempting Pensions from Attachment

Pension laws frequently provide that the pensions granted shall not by any legal process be subject to payment of the pensioner's debts. In Illinois there are provisions, variously worded, exempting the pensions or the pension fund in all the municipal pension laws except the police pension act of 1887, and the police pension act for cities of 5000 to 100,000 inhabitants. No cases construing these provisions have been found.

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150. MacDonald v. O'Toole (1908), 2 Irish Rep. 386. A bounty voted by a town to encourage enlistment in the army is on grounds of policy exempt from attachment; Morse v. Towns (1864), 45 N. H. 185; Manchester v. Burns (1864), 45 N. H. 482.
151. Picton v. Cullen (1900), 2 Irish Rep. 612.
152. Booth v. Trail (1883), 12 Q. B. D. 8.
153. Lucas v. Harris (1886), 18 Q. B. D. 127.
154. Crowe v. Price (1889), 22 Q. B. D. 429.
155. Booth v. Trail (1883), 12 Q. B. D. 8.

A United States statute[156] provides that as to federal pensions "no sum of money due or to become due to any pensioner shall be liable to attachment, levy or seizure by or under any legal or equitable process whatever, whether the same remains with the pension office or any officer or agent thereof, or is in course of transmission to the pensioner entitled thereto, but shall enure wholly to the benefit of such pensioner." This protects the pensioner until the money has come under his control. Thus though a statute forbidding the assignment of pensions does not forbid the assignment of a pension check, the statute forbidding the attachment of pensions forbids the attachment of a pension check.[157] Possession of the check gives to the pensioner power to dispose of the pension money, but is not tantamount to receiving it.

It has been held that the federal statute exempts not only the pension check in the pensioner's hands, but a credit for its amount given to the pensioner by a bank in which he had deposited the check for collection, and that the fact the bank had collected the amount of the check did not of itself show that its proceeds had ceased to be in course of transmission to the pensioner so as to subject the credit to garnishment.[158]

A pensioner has no power to annul a statutory exemption, and therefore, though he has obtained a loan by saying that his income was not pension money, he may claim the exemption and defeat the lender.[159]

So long as pension money is exempt it cannot be reached even to pay a claim for the pensioner's support. Consequently if it is exempt in the hands of the conservator of an insane pensioner, a county which has a statutory claim against the pensioner for reimbursement for his past support cannot reach it to satisfy the claim, nor compel the conservator to use it in paying the claim.[160] But where a conservator has money of his ward it is his duty from the time he gets it to use it, if needed, in supplying his ward with necessaries, and if he does not do so, the court may order him, not only to do so in future, but also to

156. U. S. R. S. Sec. 4747. That the statute is within the power of Congress, see U S. v. Hall (1878), 98 U. S. 343.

157. Tanner v. Turner (1884), 64 Iowa 690, 21 N. W. 140.

158. Reiff v. Mack (1894), 160 Pa. St. 265, 28 A. 699, 40 Am. St. Rep. 720.

159. King v. Warren (1903), 86 N. Y. Supp. 609, and cases cited 17 Ann. Cas. 1196.

160. Fayette Co. v. Hancock (1891), 83 Iowa 694, 49 N. W. 1040; State v. Cole (1912), 155 Iowa 654, 136 N. W. 887. And see Welch v. Burris (1870), 29 Iowa 186, 187. The state cannot reach a father's exempt pension money to satisfy its claim for expense incurred in supporting his insane son. St. Lawrence State Hospital v. Fowler (1895), 37 N. Y. Supp. 12, 15 Misc. 159.

reimburse one who has rightfully supplied in the past the support the conservator should have supplied. In doing so, it does not appropriate the money to pay a claim against the ward; it enforces the conservator's duty to use it for the ward's benefit.[161]

On the same principle, though a husband's pension is exempt from attachment, a court may award his wife larger alimony on divorce than if he had not had it;[162] or in a suit for maintenance may order a husband to contribute to his wife's support, though his pension is his only source of income, and the order in effect deprives him in part of its enjoyment.[163]

In an interesting New York case, the wife of a pensioned policeman obtained an order for separate maintenance, and her husband left the state to avoid complying with it. Though the pension was by statute exempt "from all process and proceedings to enjoin and recover the same on behalf of any person having any claims against any pensioner," an order was granted sequestrating so much of the pension ($26 out of $68 a month) as was deemed a suitable share for the wife, and the custodians of the fund were directed to pay it to her. This the court considered to be securing payment of the pension to the proper beneficiary, not diverting it from the beneficiary to pay a claim against him. Woodward, J., said: "We do not believe the legislature, in creating the police pension fund and exempting it from execution and other processes, ever intended that this exemption should be construed to deprive the wife of her legal and moral right to the support of her husband. The whole purpose of the statute is served when the fund is preserved for the use of the pensioner and those legally dependent upon him for support and maintenance * * * "[164]

By the better view, a statute exempting pensions, though it exempts the pensioner's right to receive pension money, does not exempt the money after he has received it. It is now settled that this is the meaning of the act of Congress which exempts pension money "due or to become due" and provides that it "shall enure wholly to the benefit of" the pensioner. "When the money has been paid to him, it has 'inured wholly to his benefit,' and is liable to seizure as opportunity presents itself."[165]

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161. Matter of Strohm (1906), 101 N. Y. Supp. 688, 51 Misc. 481.

162. Bailey v. Bailey (1904), 76 Vt. 264, 56 A. 1014, 65 L. R. A. 332, 104 Am. St. Rep. 935.

163. Tully v. Tully (1893), 159 Mass. 91, 34 N. E. 79.

164. Zwingman v. Zwingman (1912), 134 N. Y. Supp. 1077, 150 App. Div. 358.

165. McKenna, J., for the majority in McIntosh v. Aubrey (1902), 185 U. S. 122 (land bought with pension money); In re Jones (1909), 166

That the exemption provisions in Illinois pension laws would be construed in the same way, may perhaps be inferred from the interpretation which the Illinois Supreme Court has put upon the provisions of R. S. Ch. 73, Sec. 266, relating to fraternal beneficiary societies. The enactment that "the money or benefit * * * to be paid, provided or rendered by any society * * * shall not be * * * applied by any legal or equitable process, or by operation of law to pay any debt or liability of a certificate holder or of any beneficiary" is held not to affect a case where the money has been paid to the beneficiary or to his agent. The beneficiary's creditor may then attach it.[166] The court said the purpose was to protect the society, not the beneficiary.[167] The same interpretation has been given to R. S. Ch. 73, Sec. 254, relating to assessment life insurance, which instead of exempting "money to be paid" exempts the "money or benefit provided or rendered." The proceeds of a policy in the hands of an administrator are subject to the debts of the assured.[168]

A New York statute, however, which exempts United States military and naval pensions "from levy and sale by virtue of an execution and from seizure for non payment of taxes, or in any other legal proceedings" is held to exempt not only pension money after its receipt by the pensioner, and bank credits arising from its deposit,[169] but property bought with the pension money and held by the pensioner, at least so far as it is necessary for his support.

Fed. 337 (money in pensioner's possession not mingled with other funds); Kellogg v. Waite (Mass. 1866), 12 Allen 529 (pensioner's agent to receive payment may be garnished in respect to his debt to the pensioner arising from his receipt of the pension money: Spellman v. Aldrick (1879), 126 Mass. 113 (pension money deposited in bank); Webb v. Holt (1882), 57 Iowa 712, 11 N. W. 658 (pension money in bank); Triplett v. Graham (1882), 58 Iowa 135, 12 N. W. 143; Roselle v. Rhodes (1887), 116 Pa. St. 129, 9 A. 160, 2 Am. St. Rep. 591; In re Ferguson's Estate (1909), 140 Wis. 583, 123 N. W. 123 (property bought with pension money; cases reviewed). The following cases *contra* are overruled: Crow v. Brown (1892), 81 Iowa 344, 86 Iowa 741, 46 N. W. 993, 53 N. W. 131, 11 L. R. A. 110, 25 Am. St. Rep. 501: In re Bean (1900), 100 Fed. 262.

166. Martin v. Martin (1900), 187 Ill. 200.

167. But the society owes a duty to the beneficiary to defend garnishment proceedings. Rumbold v. Royal League (1904), 206 Ill. 513.

168. Hamilton v. Darley (1915), 266 Ill. 542. Many states have statutes which to a greater or less extent protect payees of life insurance policies from claims of creditors. Whether the protection extends to the insurance money after it has been paid over, and to the property in which it has been invested, whether it applies to policies payable to the insured's estate, and whether it is available against creditors of the beneficiaries, or next of kin, as well as against creditors of the insured are questions of construction which depend largely on the wording of the particular statutes. Cases are collected in 5 L. R. A. (N. S.), 472; 24 L. R. A. (N. S.), 1018; L. R. A. 1915A 1201; L. R. A. 1917 F. 1143.

169. Burgett v. Fancher (1885), 35 Hun. 647; Stockwell v. Malone Nat. Bk. (1885), 36 Hun. 583.

In Yates County Bank v. Carpenter,[170] the Court of Appeals held that the statute exempted the pensioner's interest in his dwelling house, partly paid for out of pension money and mortgaged to secure the rest of the purchase price. Ruger, C. J., said: "The plain purpose of the act was to promote the comfort of the soldier; to secure to him the bounty of the government free from the claims of creditors, and to secure to him and his family a safe, although modest, maintenance, so long as their needs required it. * * * Where such (pension) moneys can be clearly identified and are used in the purchase of necessary articles, or are loaned or invested for the purpose of increase or safety in such form as to secure their available use for the benefit of the pensioner in time of need, we do not doubt but that they come within the meaning of the statute; but where they have been embarked in trade, commerce or speculation, and become mingled with other funds so as to be incapable of identification, we do not doubt but that the pensioner loses the benefit of the statutory exemption."

Following this construction of the New York statute, it has been held that land bought with pension money and conveyed to the pensioner's wife was exempt from her creditors;[171] that a modest dwelling house bought with pension money was exempt from the pensioner's creditors,[172] though it seems that if the value increased beyond what was necessary for the family needs, the excess would not be exempt;[173] but that land paid for partly with pension and partly with other money, and mortgaged for an unpaid remainder of the purchase price to an amount greater than the purchase money invested, was not exempt.[174]

Some other states, like New York, have carried the exemption of federal pensions further than Congress has done, and have exempted pension money after it has been received, and even property in which it has been invested.[175] But these exemptions are void where the debt for which the attachment is made was incurred before the exemption

170. (1890), 119 N. Y. 550, 555, 23 N. E. 1108; 7 L. R. A. 557; 16 Am. St. Rep. 855.

171. In re Stafford (1905), 94 N. Y. Supp. 194.

172. Toole v. Board (1897), 37 N. Y. Supp. 9, 43 N. Y. Supp. 1160, 13 App. Div. 471; Benedict v. Higgins (1915), 151 N. Y. Supp. 42, 165 App. Div. 611.

173. Toole v. Board, sup.

174. In re Ellithorpe (1901), 111 Fed. 163. Hazel, J., said: "The rule of law briefly stated is that if the investment solely of the pension money is in the nature of a particular kind or class, intending to provide either for the present or future welfare of the pensioner and of his family, it will be protected as exempt."

175. Cal. Code Civ. Proc. Sec. 690; Conn. Gen. St. Sec. 1164; Iowa Code, Secs. 4009, 4010; Neb. Code Civ. Proc. Sec. 513b; N. Y. Code Civ, Proc. Sec. 1393.

statute was passed, even though the pension was not granted until after it was passed, because in impairing the creditor's security for payment, the statute impairs the obligation of his contract.[176] But as to debts incurred after the statute was passed, the statute is valid.[177]

An exemption of pension money in the hands of the pensioner has been held to protect a deposit in a mutual savings bank, by reason of the quasi-trust relation which exists between such a bank and its depositors.[178] And the protection exists after the pensioner's death, preserving the property, as against creditors, for the benefit of the next of kin, and even, it has been held, against the administrator's claim for fees.[179]

Where a statute expressly exempts "pension money invested" the exemption has been held to extend not only to property bought with pension money, but to its increase, and to property obtained in exchange for it.[180] And it seems that if property so bought were destroyed, the exemption would extend to a resulting claim against a wrongdoer or an insurer.[181]

The question has arisen whether the exemption is available only against creditors of the pensioner himself. In Iowa, a homestead which the pensioner conveyed to his wife was held to be exempt from her creditors,[182] but a contrary result has been reached in New York.[183]

Exemption from Taxes

Property bought with pension money may be taxed. To exempt it from seizure for the owner's debts does not exempt it from seizure or sale for unpaid taxes in proceedings against the property, as dis-

176. Foster v. Byrne (1888), 76 Iowa 295, 35 N. W. 513, 41 N. W. 22.

177. Ratliff v. Elwell (1909), 141 Iowa 312, 119 N. W. 740, 20 L. R. A. (N. S.), 223.

178. Price v. Savings Soc. (1894), 64 Conn. 362, 30 A. 139, 42 Am. St. Rep. 198. See also Cook v. Allee (1903), 119 Iowa 226, 93 N. W. 93; Booth v. Martin (1913), 158 Iowa 434, 139 N. W. 888 (A homestead bought with proceeds of life insurance is "the avails" of the policy, within a statute exempting the avails from the widow's creditors).

179. Treadway v. Board (1910), 14 Cal. App. 75, 111 P. 111. *Contra*, Beecher v. Barber (N. Y. 1888), 6 Dem. 129. Compare Wolfe v. Wolfe (1911), 154 Mo. App. 218, 134 S. W. 33 (death benefit payable to administrator without liability for debts is subject to funeral expenses).

180. Diamond v. Palmer (1890), 79 Iowa 578, 44 N. W. 819 (where a mare is bought and stallion's services paid for with pension money, her colt is exempt, but it seems, not necessarily all her future colts); Smith v. Hill (1891), 83 Iowa 684, 49 N. W. 1043, 32 Am. St. Rep. 329 (horse of greater value obtained in trade for horse bought with pension money); Dargan v. Williams (1902), 66 Neb. 1, 91 N. W. 862.

181. Yates Co. Bank v. Carpenter (1890), 119 N. Y. 550, 555, 23 N. E. 1108, 7 L. R. A. 557, 16 Am. St. Rep. 855.

182. Whinery v. McLeod (1905), 127 Iowa 11, 102 N. W. 132, 109 Am. St. Rep. 364.

183. In re Stafford (1905), 94 N. Y. Supp. 194, 105 App. Div. 46.

tinguished from proceedings against the owner to recover the taxes as money he owes.[184] Even where it is specifically exempted from taxes, the general rule applies that exemption from taxation does not include exemption from assessment for local improvement. Land bought with pension money is subject to such assessment.[185]

Transfer of Pension Money by Insolvent Pensioner

If an insolvent debtor gives away his property, the transfer is in general void as against his creditors, for otherwise their just claims would be defeated. But where a pension is by statute exempt from attachment, the pensioner's creditors cannot reach the money, so long as their debtor sees fit not to collect it. If instead of letting it remain uncollected, he authorizes its payment to another, the creditors are in no worse position. Moreover, a pension expressly exempted from seizure, is, it may be said, a bounty conferred with intent to place it at the pensioner's disposal, free from claims of creditors, at least until the money has come into his hands.

It is a result of the act of Congress exempting federal pensions from seizure by legal process that an insolvent pensioner may give his pension check to his wife or to any other person, and the donee may hold the proceeds free from claim of the pensioner's creditors, provided the gift is outright, and not in trust for the pensioner.[186] Where, however, an insolvent pensioner has cashed his pension check, and thus received the money, which becomes liable to being attached, and then as a separate and subsequent transaction gives away the money or its proceeds, the gift has been held void as to creditors.[187]

But the latter rule probably does not give due effect to the act of Congress which provides not only that pension money shall be exempt from seizure in course of transmission, but that it "shall enure wholly to the benefit of the pensioner." In Holmes v. Tallada, Paxon, C. J., said: "We think the rational interpretation of this language is that the pensioner may use the money in any manner he may see proper for his own benefit and to secure the comfort of his family

184. Beers v. Langenfeld (1910), 149 Iowa 581, 128 N. W. 847.

185. In re Floyd (1898), 53 N. Y. Supp. 709, 24 Misc. Rep. 359; Tucker v. Utica (1898), 54 N. Y. Supp. 855, 35 App. Div. 173.

186. Tanner v. Tanner (1884), 64 Iowa 690, 21 N. W. 140; Holmes v. Tallada (1889), 125 Pa. St. 133, 17 A. 238, 3 L. R. A. 219, 11 Am. St. Rep. 880; Bullard v. Goodno (1901), 73 Vt. 88, 50 A. 544, *Contra*, Sims v. Walsham (Ky. 1888), 7 S. W. 557; Johnson v. Elkins (1890), 90 Ky. 163, 13 S. W. 448, 8 L. R. A. 552.

187. Friend v. Garcelon (1885), 77 Me. 25, 52 Am. Rep. 739; Berry v. Berry (1892), 84 Me. 541, 24 A. 957; Triplett v. Graham (1882), 58 Iowa 135, 12N. W. 143; Baugh v. Barrett (1886), 69 Iowa 495, 29 N. W. 425.

free from creditors." In Hissem v. Johnson,[188] a conveyance to pensioner's wife of land bought with pension money was held good against creditors. Snyder, J., said: "It (Congress) may give the pensioner the absolute right to dispose of the bounty by gift or otherwise to whom he choses, without regard to any debts he may owe, or the claims of his creditors. The money being a bounty and not a debt due to the pensioner, his creditors have no legal rights in regard to it * * * at least until they have acquired such legal right or claim by some process of the state law. If such process is not resorted to and such right acquired before the pensioner has disposed of the pension or its proceeds, the right to do so is lost. * * * The money is no longer subject to the debts of the pensioner because it has rightfully passed from his hands by the power given to him over it by the government, his benefactor."

This doctrine seems to have received the approval of the United States Supreme Court, which has said:[189]

"When the money has been paid to him it has 'inured wholly to his benefit'; and is liable to seizure as opportunity presents itself. The pensioner, however, may use the money in any manner, for his own benefit and to secure the comfort of his family, free from the attacks of creditors, and his action in so doing will not be a fraud upon them."

V. PERSONS ENTITLED TO PENSIONS. CONSTRUCTION OF PENSION ACTS

a. Members of Departments

Where a pension fund is established for members of a police or fire department, the term "member" includes the superintendent or head of the department.[190] It is not confined to members appointed under civil service rules.[191] It seems it includes all whose membership in the department is provided for by ordinance, who are on the rolls as members, and are subject to the orders of the department head.[192] Hence linemen, station watchmen and veterinary surgeons, as well as fire fighters, are members of a fire department.[193] So also are "extra

188. (1886), 27 W. Va. 327.

189. McIntosh v. Aubrey (1902), 185 U. S. 122, per McKenna, J.

190. Moffatt v. Lowell (1913), 215 Mass. 92, 102 N. E. 344 (at least where the superintendent has powers of a policeman, though he is the officer who recommends for retirement on pension); People v. Coler (1903), 173 N. Y. 103, 65 N. E. 956 (semble).

191. People v. Coler, Supra.

192. Fickett v. Boston Firemen's Relief Fund (1915), 220 Mass. 319, 107 N. E. 957.

193. Fickett v. Boston Firemen's Relief Fund, supra; Leffingwell v. Kiersted (1907), 74 N. J. Law 407, 65 A. 1029.

men" regularly appointed at a fixed salary, though they do not live at the engine house, and though they engage in other occupation.[194] But where a statute provides that no substitutes shall be deemed members of a fire department unless regularly appointed according to the department rules, a person appointed merely to take the place of a fireman temporarily absent is not a member.[195] Members of a volunteer fire company, who by ordinance are entitled to receive a stated sum per hour for time spent in fighting fires, constitute a "paid fire department," though their attendance at fires is voluntary; but it is not a fire department "having the management of fire apparatus," if the apparatus is in sole charge of city officials, though the officials have to be chosen from members of the volunteer department.[196] It has been held in California that a policeman retired from service at sixty, on pension, but required to report at stated times, and bound to perform duty if called on in emergency, is still a member of the department, within the meaning of a statute providing a pension for widows of members who thereafter die; the police laws indicating that membership ceased only on resignation or dismissal.[197]

b. Officers

The Illinois act of 1915 for pensions for officers and employes of counties of over 150,000, does not include elected public county officers. The word "employes" which is used in the body of the act to denote the persons to be pensioned is inapplicable to such officers. But it does include other officers whose salaries are subject to the legislature's control.[198]

c. Unmarried Dependents

Prima facie, it is said, the word "unmarried" is to be understood as meaning "never having been married," but slight circumstances may suffice to show that it has a different meaning.[199]

A law giving a surviving pension to a mother or unmarried sister, includes a sister who at the pensioner's death is a widow.[200] A

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194. State v. Knowles (1911), 145 Wis. 523, 130 N. W. 451; Parke v. Board (1917), 34 Cal. App. 623, 168 P. 581.

195. State v. Trustees (1896), 18 Ohio Cir. Ct. Rep. 887, 9 Ohio Cir. Dec. 854.

196. Continental Hose Co. v. Fargo (1908), 17 N. D. 5, 114 N. W. 834.

197. Kavanaugh v. Board (1901), 134 Cal. 50, 66 P. 36. But in Missouri, it has been held that a policeman retired on a service pension is not a member of the department within the meaning of the charter of a relief association by which the pension was paid. Price v. St. Louis Police Relief Assn. (1901), 90 Mo. App. 210. And see Cases in notes 127, 128, 129.

198. Helliwell v. Sweitzer (1911), 278 Ill. 248.

199. Miller v. Balke (1897), 167 Ill. 150; Peters v. Balke (1897), 170 Ill. 304, 312, and cases cited.

200. Mott v. Scanlan (1912), 19 Cal. App. 250, 125 P. 762.

law for pensioning "the widow of any soldier * * * while she remains unmarried" does not authorize a pension to a soldier's widow who has remarried and been widowed again.[201]

d. Children

When a statute gives rights to children in succession to their parents, a question sometimes arises whether the word "children" includes children of children deceased. In Walter v. Cotton,[202] an act of Congress which provided that on the death of a person entitled to pension the amount of the pension should be paid to his children, was held to include the children of a child deceased, who would divide among themselves the share their parent would have taken if living. It was said that Congress "will be presumed to have acted under the ordinary influences which lead to an equitable and not a capricious result. And where the language used may be so construed as to carry out a benign policy, within the reasonable intent of Congress, it should be done." This case was cited approvingly as to the general principle of liberal construction in Ryan v. Foreman,[203] but some other courts have questioned the correctness of the decision.[204]

A child legally adopted is the child of the adopting parent within the prima facie meaning of an Illinois pension law, for the Illinois statute of adoption provides that an adopted child shall, with certain exceptions, be "to all legal intents and purposes the child of the adopting parents."[205] The legislature, however, may withhold its bounty from adopted children, if it sees fit, and where its language shows intent to do so, it will be given effect.

A child born out of wedlock becomes a child of its father within the meaning of a pension law when legitimized by the marriage of its parents.[206]

Whether the word "child" means only a minor child, and whether it is limited to a class of children elsewhere enumerated in the statute are questions of interpretation. Where a law provided pensions for children under sixteen of policemen killed on duty, and in case of death from any other cause, a death benefit of $1000 for children, or

201. State v. Verner (1889), 30 So. Car. 277, 9 S. E. 113.
202. (1856), 19 How. 355.
203. (1913), 181 Ill. App. 262. See also Eshleman's Appeal (1873), 74 Pa. St. 42, where a statute charging children with advancements was held applicable to grandchildren.
204. Burgess v. Hargrove (1885), 64 Tex. 110 (widow inherits as on death without children, though deceased leaves a grandchild); Peeler v. Peeler (1890), 68 Miss. 141, 8 So. 392 (homestead descending to children does not descend to child of deceased child, living with family).
205. Ryan v. Foreman (1914), 262 Ill. 175.
206. See U. S. v. Skam (1837), 5 Cranch C. C. 367, Fed. Cas. No. 16,

if no children, for a dependent mother, it was held that children meant only minors, and, it seems, minors under sixteen.[207] But where children of a constable killed on duty were to receive allowances to cease at fifteen, and on death under certain other circumstances an annuity might be granted to any of his children, it was held that the annuity was not limited to minor children.[208]

An inequality with which some Illinois pension laws are chargeable, though in a lesser degree, was pointed out in a Washington case, in which it was said:[209] "Incongruous as it may seem, the right of a deceased fireman's children to the benefit of the fund ceases at the age of sixteen years, whether dependent or not, while dependent parents, a dependent sister, and even dependent brothers until they reach the age of majority may have the benefit of the fund."

e. Other Dependents

Where dependency is defined as being without adequate means of support, it has been held that a woman is dependent if without means to support herself in her reasonable and customary mode of living, and that where her only means of support is from invested capital, it is inadequate if the income it can be made to produce is inadequate, though the principal would suffice to maintain her for a considerable time.[210] A son contributes to his mother's support when he allows her to occupy his farm and use what she raises on it.[210a] Under the Illinois law of 1909 which provides a pension for a widow, child under sixteen, or "dependent parent upon such policeman for their maintenance," it is not necessary that the widow be dependent.[211]

The rules of the Policemen's Benevolent Association of Chicago limit the relief to the immediate family of members. A brother who lives in the same house may be one of the immediate family, and an adult daughter residing elsewhere is within the class intended, because she is of the next of kin, and because she would share in the benefits of a certificate made payable to the member himself.[212] The word "mother" used in a rule of an association for the relief of firemen, their families and dependents, which provides that a fireman may name as beneficiary his mother or certain other relatives, embraces within

308; Ryan v. Foreman (1914), 262 Ill. 175, 189.

207. Mackey v. Mott (1914), 25 Cal. App. 110, 142 P. 1082.

208. Campbells v. Glasgow Police Commissioners (1895), 32 Scottish Law Reporter 497.

209. Longfellow v. Seattle (1913), 76 Wash. 509, 136 P. 855, per Fullerton, J.

210. U. S. v. Purdy (1889), 38 Fed. 902.

211. People v. Armstrong (1915), 196 Ill. App. 199.

212. Norwegian Old People's Home Society v. Wilson (1898), 176 Ill. 94.

its meaning a stepmother who is a member of the household, because she is within the class to be relieved; but as used in a rule which provides that if no beneficiary is named, the benefit shall be payable to the fireman's mother, the word "mother" means, it seems, only mother by blood.[213]

f. Rights of Survivors in Succession

Where a survivor's pension is payable to the widow, or if there is no widow, to children, and deceased leaves a widow and children, the pension continues to the children after the widow's death.[214] On the same principle, under the United States pension laws by which arrears due a deceased pensioner are not part of his estate, but go to his widow, or if no widow, to his children, where the widow dies, pension money due her is not liable for her debts, but is payable to the children.[215] But children have no interest in pension money paid their mother or in property she buys with it.[216] This is so even though, as under U. S. R. S. Sec. 4703, the widow receives two dollars a month more as pension "for each child" under sixteen. The payment is to the widow for her own use by reason of her having a child to support, and is not for the use of the child, and the child when of age is not entitled to recover the money from the mother.[217] Where a death benefit is payable to the legal representative exempt from debts of the deceased, the administrator is entitled to receive the money. He may pay funeral expenses from it, and the surplus is distributed according to the law of the state, so that if the widow's statutory allowance exhausts the surplus, the decedent's mother gets nothing.[218]

A guardian whose ward is entitled to a pension is entitled to be placed upon the pension roll as guardian, and to receive the pension money.[219]

A wife's right to pension is not impliedly dependent on her husband's consent, though the fund is made up of deductions from his and others' salaries. Whatever her right to insure his life without his consent,[219a] it is no defense to her claim for a widow's pension, that

213. Jones v. Firemen's Relief Assn. (1912), 151 Wis. 215, 138 N. W. 618.

214. Ryan v. Foreman (1914), 262 Ill. 175 (policemen's act of 1887).

215. Pinson v. Sanders (1906), 29 Ky. L. Rep. 715, 96 S. W. 444.

216. Jones v. Porter (1895), Tex. Civ. App., 30 S. W. 1119.

217 Creekbaum v. Sohner (1894), 1 Ohio Nisi Prius Rep. 34.

218. Wolfe v. Wolfe (1911), 154 Mo. App. 218, 134 S. W. 33 (railway postal clerk death benefit under 33 U. S. Stat. 436).

219. Ryan v. Foreman (1913), 181 Ill. App. 262, affirmed (1914), 262 Ill. 175.

219a. See Chicago etc. Soc. v. Dyon (1898), 79 Ill. App. 100, 105.

her husband did not want her to have it, and that he was paid his salary without deduction for the fund.[219b]

g. Persons Retired from Service

As it is presumably not intended to award pensions by reason of service which has ceased, a provision for pensions based on service presumably refers only to service of present or future, not of former, officers or employes. A statute providing for a pension to "any teacher who has taught in the public schools * * * for a period of forty years previous to the date when this act becomes operative" does not contemplate pensions to teachers already retired. "A fund for the benefit of teachers, in the natural use of the term, refers to active teachers, not to retired teachers."[220]

And a provision for retirement on pension after twenty years service is clearly inapplicable to persons who retired before the act was passed.[221]

On the ground that a statute presumably does not intend to confer rights in relation to matters altogether past, a New York statute pensioning the widow of any member of the police force who had died or should thereafter die after ten years service, was held, to mean by the phrase *member who had died* one who had died while still a member, and not one who had died in retirement.[222] This case was approvingly cited by the Illinois Supreme Court in a case in which the amendment of 1899 to the police pension law of 1887, which amendment continued to their widows the pensions of policemen retired after twenty years service, was held not to refer to widows whose husbands had died before the amendment went into effect.[223] On the other hand, where a pension is provided for an officer "whenever he *shall* have served twenty years," officers in service when the act takes effect are included, and the required service need not be in the future.[224] An officer who has already served twenty years may retire at once.[225]

219b. Matter of Tobin (1900), 164 N. Y. 532, 58 N. E. 650, affirming 53 App. Div. 453, 66 N. Y. Supp. 97. See also Dionne v. Queen (1895), 24 Canada Sup. Ct. 451 (where pension is payable on death to widow, pensioner cannot by assignment defeat widow's right).

220. State v. Board of Education (1914), 88 Conn. 430, 91 A. 529.

221. Clarke v. Police Board (1900), 127 Cal. 550, 59 P. 994.

222. People v. Partridge (1902), 172 N. Y. 305, 65 N. E. 164, reversing 74 App. Div. 620, 77 N. Y. Supp. 1137.

223. Eddy v. Morgan (1905), 216 Ill. 437, reversing 118 Ill. App. 138. As to the constitutionality, so far as concerns policemen already retired, of the amendment of 1899, and of the amendment of 1907, intended to neutralize the decision in Eddy v. Morgan, see ante notes 19-21b.

224. Hess v. Board (1913), 188 Ill. App. 8; People v. Armstrong (1915), 196 Ill. App. 199; State v. Love (1914), 95 Neb. 573, 145 N. W. 1010.

225. People v. Abbott (1916), 274 Ill. 380; Pearce v. Board (1914), 85 N. J. Law 520, 89 A. 1026; Van Dyke v. Board (1916), 88 N. J. Law 492,

h. Persons Entitled to Benefits of Prior Laws

A provision that persons entitled to pensions under a former act shall be entitled to pensions under a later one includes not only persons drawing pensions under the former law, but those who were entitled to obtain pensions under it on application.[226] But it does not mean that persons who had only partially completed the requirements of the old law may on completing them have pensions under the new law. It does no more than admit to pensions those who had already completed the former requirements.[227] And an act which abolishes existing disability pensions, creates a new disability fund and directs the board to continue the pensions of past pensioners who would be entitled under the new law, does not continue pensions simply because originally granted for causes recognized by the new law.[228] There is no right to a continued pension unless the disability continues.

VI. CONDITIONS PRELIMINARY TO THE RIGHT TO A PENSION

a. Disability and Death

On the question *what constitutes disability* there is little authority. In construing a law which authorized the compulsory retirement on pension of policemen who after twenty years service were found by surgeons to be unfit for duty, the New York Court of Appeals said: "Fitness for police duty means the ability to discharge with average efficiency the duty of the grade to which the member belongs." The court held that a finding of unfitness for *full* duty was not equivalent to a finding of unfitness for duty, and that it did not authorize retirement.[229]

As unfitness for full duty does not necessarily constitute disability, so fitness for partial duty does not of itself constitute fitness for duty, and a retirement for disability may be sustained, though the officer is fit for partial duty.[230] But the meaning of the phrase "fit for duty" may vary with the context, and if it is provided that a fireman dis-

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96 A. 671. Compare State v. Ziegenhein (1898), 144 Mo. 283, 45 S. W. 1099, 66 Am. St. Rep. 420 (where right to pension after twenty years service is a term of contract of employment, it means twenty years of future service).

226. O'Connor v. Trustees Firemen's Pension Fund (1910), 155 Ill. App. 460, affirmed 247 Ill. 54.

227. Pecoy v. Chicago (1914), 265 Ill. 78.

228. Head v. Jacobs (1912), 150 Ky. 290, 150 S. W. 349.

229. People v. McAdoo (1906), 184 N. Y. 268, 77 N. E. 17, affirming 109 App. Div. 892, 96 N. Y. Supp. 868, and 48 Misc. Rep. 420, 95 N. Y. Supp. 511.

230. Hodgins v. Bingham (1908), 128 App. Div. 151, 112 N. Y. Supp. 543.

abled for active duty only shall be employed in another position, it seems that if fit for inactive service he cannot be retired as "unfit for duty," yet he may be retired where retirement is authorized in case of a fireman unfit for the performance of "*his* duties."[231]

Continuance of Disability

Disability continues when it recurs after return to work. Relief payable "during the continuance of his disability" is payable for the time the person disabled is kept out of work by his injury, though the period is not continuous.[232]

"Death" Within the Meaning of a Pension Law

Where a policeman committed suicide, while sane, it was held that his widow could not have a pension as for his "death," and the court suggested that it would also be so if he were hanged for murder.[233] The reason assigned was that the statute presumably was not intended to cover the case because it is against public policy to hold out such an inducement to suicide. The court relied on decisions under policies of life insurance where death occurs by suicide while sane,[234] or by execution for crime.[235]

But the analogy seems unsatisfactory. So far as the insurance cases go on the ground that the contract of insurance, if intended to cover sane suicide or death at the hands of the law, is void as against public policy, they are inapplicable, for the legislature's grant of the pension concludes the question of policy, and the court must enforce the statute according to its meaning. So far as the insurance cases go on the ground that insurance is meant only to cover accidental death, and that death by suicide, sane, is not accidental, their reasoning has little application to a pension law. Insurance goes on the ground of a calculation of chances of accident, for which the premium is paid as an equivalent. To apply the rules of insurance to pensions would deny relief to the widow if a policeman when entering the service concealed or misrepresented matters material to his expectation of life. Pensions are offered not as insurance but as a bounty to induce service and to relieve distress. A court goes a great way when it reads into a statutory provision for a policeman's dependents an exception of death by suicide on the ground that it thinks it impolitic to grant a

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231. People v. Hayes (1900), 122 N. Y. Supp. 104, 66 Misc. 531.
232 Pa. Co. v. Chapman (1806), 220 Ill. 428 (fund for railroad employes).
233. Rudolph v. U. S. (1911), 36 App. D. of Col. 379.
234. Ritter v. Mutual Life Ins. Co. (1898), 169 U. S. 139.
235. Amicable Society v. Bolland (Eng. 1830), 4 Bligh (N. S.), 194, 2 Dow & C. 1; Burt v. Union Central Life Co. (1902), 187 U. S. 362; Northwestern Mt. Life Co. v. McCue (1912), 223 U. S. 234.

pension in such a case. At any rate, this reasoning would hardly be adopted in Illinois, for Illinois enforces policies of insurance payable to the widow of a man who is hanged for murder,[236] or who commits suicide when of sound mind.[237] Whether the right to pension would be lost because of fraud if a policeman's wife murdered him to get the pension money, or he committed suicide for that object, especially if he secured his appointment with the purpose of doing so, is a different question.[238]

Connection Between Injury and Death

When an officer receives an injury which contributes to his death, a doubt may arise whether the connection between injury and death is close enough to fall within the meaning of a statute providing pensions for death from such injury. This involves a question of fact,—What was the character of the connection between injury and death in the particular case? and also a question of interpretation—What character of connection does the statute mean to require? The answer consequently may vary with the words which the statute employs. A law provided for pensioning the widow of a policeman "killed while in the performance of duty." A policeman while in the performance of duty received an injury which seven years later resulted in disability and caused his retirement. Two years afterward he died of the injury. The court held that a death so remote was not within the meaning of being killed while in the performance of duty, but said that it was not necessary that death should occur on duty, and that a death by reason of and soon after the injury would suffice. It was suggested that in analogy with the law of homicide, it might be necessary and sufficient that death occur within a year and a day.[239] Where a fireman whose back was broken by the overturning of a wagon on the way to a fire, soon after went insane and committed suicide from pain, it was ruled that he was killed while in performance of duty, the injury causing the death in a fairly direct way.[240]

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236. Collins v. Mutual Life Ins. Co. (1908), 232 Ill. 37.

237. Grand Legion Select Knights v. Beaty (1906), 224 Ill. 346.

238. A policy of life insurance is unenforcible for fraud when obtained with intent to commit suicide; Smith v. Nat. Benefit Soc. (1890), 123 N. Y. 85; and unenforcible in favor of a beneficiary who murders the insured. Schreiner v. High Court etc. (1890), 35 Ill. App. 576 (semble); Ins. Co. v. Armstrong (1886), 117 U. S. 591; Schmidt v. Life Assn. (1901), 112 Iowa 41, 83 N. W. 800, 51 L. R. A. 141, 84 Am. St. Rep. 323; Prince of Wales Ins. Co. v. Palmer (1858), 25 Beav. 605; Cleaver v. Reserve Life Assn. (1892), 1 Q. B. 147. In the latter case, the money goes to the next of kin excluding the murderer. Schmidt v. Life Assn. (sup.); Cleaver v. Reserve Life Assn. (sup.). But if he was insane, the beneficiary may have the money. Holdom v. Ancient Order etc. (1896), 159 Ill. 619.

239. Edwards v. Swigert (1911), 15 Cal. App. 503, 115 P. 256.

240. Baker v. Board (1912), 18 Cal. App. 433, 123 P. 344.

Circumstances of Injury

Under some pension laws of Illinois and other states, there is no right to a pension for death or disability caused in service, unless the cause was in some way connected with performance of duty, or unless (under some statutes) it arose from natural causes. Direct violence contributed to by human agency is not within the meaning of "natural cause." Thus death from injury in a railroad accident is not death from a natural cause.[241] Nor is death from suicide by shooting when insane.[242]

An injury is not received "in service and in the line of duty" merely because it is received while on duty. It must have been received by reason of being on duty.[243] So where an insane policeman commits suicide while on duty, it is not death "in the line of duty."[244] But an employe at work upon the streets is disabled "in the line of duty," if disabled by being run over by a street car, where it is his work which exposes him to the injury.[245] And a policeman injured by vaulting over a wooden horse in a gymnasium is injured "in the execution of his duty," if the exercise is prescribed by the police regulations.[246]

If the pension is conditioned on injury "*while* in the performance of duty," it is *a fortiori* complied with when the injury is received on duty and by reason of being on duty.[247]

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241. Slevin v. Board (1898), 123 Cal. 130, 55 P. 785, 44 L. R. A. 114.
242. Hutchens v. Covert (1906), 39 Ind. App. 382, 78 N. E. 1061.
243. Rhodes v. U. S. (1897), 79 Fed. 740 (disease contracted).
244. Hutchens v. Covert (1906), 39 Ind. App. 382, 78 N. E. 1061.
245. Engstrom v. Seattle (1916), 92 Wash. 568, 159 P. 816.
246. Gummerson v. Toronto Police Benefit Fund (1905), 11 Ont. L. R. 194, 5 Ont. Weekly Rep. 581.
247. State v. Board (1909), 138 Wis. 133, 119 N. W. 806, 20 L. R. A. (N. S.) 1175 (pneumonia contracted by exposure); Baker v. Board (1912), 18 Cal. App. 433, 123 P. 344.

In Hutchens v. Covert (1906), 39 Ind. App. 382, 78 N. E. 1061, it was held that death by suicide while on duty was not death caused "while in the line of duty." The court seems to have overlooked the fact that the reference is not to injury that happens in the line of duty but to injury that happens while the man is in the line of duty. It cites the case of Lawrence v. People (1900), 188 Ill. 407, 413, to the effect that words in an earlier statute may be construed, if they will bear that meaning, in the same sense as different words used in a later act relating to the same subject so as to bring the statutes into harmony. But it misapplies the doctrine by using it where the later statute repealed the earlier one. The legislature in changing the language probably intended to change the meaning. At least there is no ground to assume that different words were used only to make plain the meaning of earlier words when it is a meaning that the earlier words do not naturally bear. See Venable v. Schafer (1906), 28 Ohio Cir. Ct. Rep. 202. The principle was properly applied in Rudolph v. U. S. (1911) 36 App. D. of C. 379, where a statute which provided police pensions in specified classes of injury was construed to mean only injuries of such classes when received in line of duty, because by an earlier statute the pension fund was established for the benefit of policemen injured in line of duty.

But work connected with is not necessarily a part of the performance of duty. A policeman killed by the accidental discharge of his pistol while he was cleaning it at home, is not necessarily killed in the performance of duty.[248]

Where pensions were established for firemen whose duties required active service in the extinguishment of fires, if incapacitated in the discharge of such duty, and thereunder a pension was provided for firemen injured in the discharge of duty, it was held that the duty intended was the hazardous active service of extinguishing fire, and that a fireman who fell from a trolley car on his way home to supper was not on such duty, though in uniform and in duty bound to answer any alarm of fire.[249]

Injury may include contracting disease. Death from pneumonia contracted by exposure in performing duty is death resulting from "being injured" while performing duty.[250]

b. Age and Length of Service

Service in the Past

An act to provide pensions for persons who "shall have served" for a stated term presumably does not require that the service be in the future. Service rendered before the act took effect, as well as future service, may be counted to make up the term.[251]

The police pension act for cities of 5000 to 100,000 requires the board to direct that a policeman who has served twenty years shall be paid a pension "after becoming fifty years of age * * * and his service shall have ceased." It entitles to pension a policeman who is fifty and has served twenty years. It does not require that he reach fifty either after the act takes effect, or after twenty years service, or after applying for a pension.[252]

Though a pension is styled a superannuation allowance, a retiring officer is entitled to it notwithstanding that his age was no part of his reason for retiring.[253]

Service Need Not Be Continuous

Where the right to pension is conditioned on service for a term of years, it is not necessary, unless the words manifest a contrary

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248. McAuliffe v. Board (Ky. 1909), 115 S. W. 808.
249. Scott v. Mayor (1903), 68 N. J. L. 687, 54 A. 441, explained in Leffingwell v. Kiersted (1907), 74 N. J. L. 407, 65 A. 1029.
250. State v. Board (1909), 138 Wis. 133, 119 N. W. 806, 20 L. R. A. (N. S.), 1175.
251. See cases in notes 224 and 225.
252. People v. Abbott (1916), 274 Ill. 380.
253. Williams v. Delohery (1913), A. C. 172.

intent, that the service be for a single or uninterrupted term.[254] Even where a policeman who has completed twenty years service is discharged without pension, he may, if subsequently appointed to the force, retire on a pension on the basis of his previous service.[255]

Whether the entire period must be spent in the service of the pensioning municipality will depend on the intent manifested by the language of the particular pension law. Where the law simply specifies service for the municipality it usually will be construed to include service within the municipal limits though rendered to a different municipal organization to whose duties the pensioning municipality has succeeded. So where a policeman had served in territory most but not all of which was afterward, along with other territory, incorporated into a city, and the policeman continued in service under the city, it was held that all of his service was service on the police force of the city, within the meaning of a law for pensioning "in any municipality, a policeman who has served twenty years on the police force thereof."[256] So, too, employment for twenty years as a teacher "by the board of education by whom he shall be retired" was construed to include employment by the school authorities of any district to whose authority the board had succeeded, upon the ground that the intent was to secure service in the territory to be charged with the cost of the pension.[257]

Construction of Act of 1877

In O'Connor v. Trustees of Firemen's Pension Fund,[258] it is intimated that a person who served ten years under the act of 1877, amended in 1879, acquired a right to a pension. The decision was affirmed in the Supreme Court on a different ground.

What Constitutes Service

A person is in service within the presumed meaning of a pension law, if regularly performing service and entitled to salary as an officer or employe, though on inactive or partial duty at a reduced salary. Thus a duly appointed policeman was held to be in service though he was on special duty as a "merchant policeman" and drew from the city only half the usual pay, another half being paid him by merchants

254. People v. Armstrong (1915), 196 Ill. App. 199; State v. Love (1914), 95 Neb. 573, 145 N. W. 1010; Payne v. Queen (Australia, 1881), 7 Vic. L. R. 55; Simpson v. Walker (1903), A. C. 208, affirming (1901), 1 So. Wales State Rep. 359; and see people v. French (N. Y. 1887), 46 Hun 232.

255. Hess v. Board of Trustees (1913), 188 Ill. App. 8 (retirement after two years service under last appointment).

256. Van Dyke v. Board (1916), 88 N. J. L. 492, 96 A. 671.

257. Pearce v. Board of Education (1914), 85 N. J. L. 520, 89 A. 1026.

258. (1910), 155 Ill. App. 460, affirmed 247 Ill. 54.

and others interested in his service.[259] But being a de jure officer does not of itself constitute being in service. A policeman illegally dismissed, and so prevented from performing duty, and afterwards, by mandamus proceedings, reinstated, was deemed not to have been serving in the police department within the meaning of the pension law in the interim, although he was entitled to salary for that time.[260]

Time spent in the service of an institution supported by state funds has been held not to be time spent in the service of the state, where the institution and not the state is the employer.[261] It is, however, competent for the legislature, in fixing the conditions for pension, to take into account years of labor though for private employers, and an Ohio statute pensioning teachers in public schools who had taught twenty years, provided twelve years had been spent in the public schools of the county, was construed as embracing in the twenty-year period time partly spent in teaching in private schools.[262] No decision has been found as to whether mere continued inability or neglect to perform duty will interrupt a period of service. But it seems that an exemption from all duty, such as a year's absence without salary on formal leave, will have that effect, though the absentee's name is kept on the department rolls. At least, a teacher absent for a year on leave granted for ill health cannot count the year to fill the requirements of a pension for teachers who have "taught" for twenty years.[263]

Pension on Abolition of Office

An office is "abolished" within the meaning of an act for pensioning the office holder, when he is removed in order to reduce the force and his duties are assigned to others.[264]

By statute the holder of an abolished office was to be deemed suspended without pay and entitled to reinstatement if within a year there were need for his services. It was held that the statute did more than relieve, the officer from the necessity of passing a civil service examination if reinstated, and conferred on him the status of

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259. People v. Armstrong (1915), 196 Ill. App. 199.

260. Carpenter v. Chicago (1916), 199 Ill. App. 558 (certiorari denied, making decision final).

261. Queen v. Committee of Classifiers (Australia, 1897), 22 Vic. L. R. 469, 18 Aust. L. T. 146.

262. Venable v. Schafer (1906), 28 Ohio Cir. Ct. Rep. 202.

263. Venable v. Schafer (sup).

264. Greville v. Williams (Australia, 1906), 4 Com. L. R. 694, approved (1909) A. C. 353. See also Justices of Middlesex v. Queen (1884), 9 A. C. 757 (superannuation allowance construed to include allowance for retirement on abolition of office).

an officer, so that if he died within a year, though his services were not needed, he died in service within the pension law.[265]

c. Other Conditions Preliminary

It is sometimes a condition of a right to a disability pension that preliminary proof of the cause or extent of injury be presented, or a preliminary determination of it made. Where a statute required the board to pension a fireman partially disabled, if the chief upon a medical examination ordered by the board relieved him from active service, it was considered that the board would be under no obligation and would have no power to grant the pension, however clear the proof of disability, unless the examining officer had reported that partial disability existed, or his omission so to report was in bad faith. A determination by a medical examiner substantially in the statutory manner was a condition of the right.[266] So where the law directed the retiring on pension of a policeman injured while on duty and found on medical examination to be permanently disabled, the court refused to compel the board to retire an applicant, and said that the board was not entitled to retire him, where there had been no medical examination, though the disability was obvious and conceded, and the application was rejected only because the board misinterpreted the meaning of the phrase "injured while on duty." [267] "A certificate of so many of the police surgeons as the police commissioner may require" means a certificate personally signed by all the surgeons requested to make the examination. A certificate in the name of the board of examiners, signed by its officers, will not do, if objected to.[268] But though it seems that when the board are to select the medical examiner, they may also appoint a reasonable time and place for the examination, it is immaterial, if the examination is actually held, whether it is at the time or place appointed. An examination at another time or place is equally effective.[269] But a requirement that an applicant for a disability pension must file an examiner's certificate of disability, does not of itself make the certificate conclusive. The board, if not

265. Reidy v. N. Y. (1906), 185 N. Y. 141, 77 N. E. 1011, reversing 103 App. Div. 361, 93 N. Y. Supp. 16.

266. Karb v. State (1896), 54 Oh. St. 383, 43 N. E. 920.

267. State v. Board (1903), 119 Wis. 436, 96 N. W. 825. See also Gummerson v. Toronto Police Fund (1905), 11 Ont. L. R. 194, 5 Ont. Weekly Rep. 581 (where relief provided is to officers "in the opinion of the police commissioner permanently incapacitated," applicant has no standing until he has endeavored to obtain an expression of the commissioner's opinion)..

268. People v. McAdoo (1906), 184 N. Y. 268, 77 N. E. 17, affirming 109 App. Div. 892, 96 N. Y. Supp. 868, 48 Misc. Rep. 420, 95 N. Y. Supp. 511 (compulsory retirement).

269. Queen v. Lord Leigh (1897), 1 Q. B. 132.

satisfied, may require further evidence. This is true of the Illinois police laws providing that the board shall, if they deem it for the good of the service retire a policeman disabled in service.[270] The word "cause" used in a provision requiring an applicant to present a surgeon's certificate setting forth the cause, nature and extent of the disability, does not refer to the way in which the injury came about, but to the way in which it affects the applicant. A statement that he is disabled because of defective vision suffices as to cause.[271]

Where a right to receive the annual installments of a pension was conditioned on the pensioner's making affidavit that he did not hold any office of emolument, and the pensioner, being bankrupt, refused to make affidavit, it was held that strict compliance was not essential, and that the trustee in bankruptcy was entitled to receive payment on proof that the pensioner held no office, and it seems that if the pensioner died or went insane, his administrator or conservator would have a similar right.[272] Under section seven of the Illinois policemen's and firemen's act of 1877, the right to pension is conditioned on paying assessments regularly made, and it seems that as to a retired member an assessment may be regularly made without notifying him of it, and that if he does not pay it he loses his right to become a pensioner.[273] But if no assessment is made on the retired member, failure to contribute as others do will not bar him.[274] So where officers of certain classes were entitled on retirement to pensions increasing with the length of service, from a fund partly formed by deductions from salaries, abatement to be made from pensions for years of service before the act passed, in respect to which no deduction from salary had been made, and for some years it was mistakenly thought that an officer of a certain class was not within the act, and no deduction from his salary was made, it was held that he was entitled to pension, and in computing its amount could count the years of service in which no deduction from his salary had been made. Whether abatement should be made for previous overpayment of salary was not decided.[275]

A provision that no pension shall be paid until the fund reaches a given amount is a condition upon the time, not upon the right to

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270. McGann v. Harris (1904), 114 Ill. App. 308; People v. Board (1904), 116 Ill. App. 252.

271. Reynolds v. Bingham (1908), 126 App. Div. 289, 110 N. Y. Supp. 520, affirmed 193 N. Y. 601, 86 N. E. 1131.

272. Spooner v. Payne (Eng. 1852), 1 De Gex, M. & G. 383, affirming 2 De Gex & Smale (1849), 439.

273. Calder v. Chicago (1913), 176 Ill. App. 313.

274. O'Connor v. Trustees Firemen's Pension Fund (1910), 155 Ill. App. 460, affirmed on another ground 247 Ill. 54.

275. Mason v. Commonwealth (Australia. 1910), 10 Com. L. R. 655.

receive the pension. When the event which would otherwise entitle to a pension occurs before the fund has accumulated, the right is not lost, but the time for the award is postponed.[276]

VII. CONDITIONS WHICH DEFEAT RIGHT TO PENSION, OR FORFEIT, OR SUBJECT TO DISCONTINUANCE, PENSIONS GRANTED

a. Resignation and Dismissal

Whether or not the authority of a board to grant or the right of an applicant to receive a pension is conditional upon his remaining in service until he applies for or receives it, depends on the provisions of the particular law, and is a question of construction. Under Section three of the Park Police act of 1913, the right was not so conditioned. That section provided that when any person shall have served twenty years on the police force, the police board "shall order and direct that such person, after his service on such police force shall have ceased, shall be paid a yearly pension." This made it the board's duty to award a pension on application, although the applicant before he applied, had been discharged for misconduct.[277]

Where the law confers a right to "retire upon" a pension, an officer is entitled to the pension although he resigns without having applied for it, and without having been placed upon a retired roll,[278] and without expectation of claiming it.[279] He "retires" though he resigns to accept another office at a higher salary.[279a] But an officer dismissed for misconduct does not "retire," and is not entitled to a pension, at least where it is provided that retired officers may be called on for duty, if able.[280] Application to a board for retirement on pension does not itself effect retirement. The applicant is still in service, subject in general to discipline, bound to perform duty, and entitled to salary.[281] If the authority to place or the right to be placed on the

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276. Miller v. Hamilton (1898), 28 Canada Sup. Ct. Rep. 475; State v. Board (1906) 117 La. 1071, 42 So. 506.

277. Stiles v. Trustees (1917), 281 Ill. 636, reversing 205 Ill. App. 338.

Craig, J., said: "Ordinarily twenty long years of faithful service ought in itself to count for something, and the legislature evidently thought so; but whether it did or not is not a proper subject of inquiry here, as long as it has seen fit in plain and unmistakable terms, to fix as the only condition and prerequisite for a pension twenty years of service and ceasing from such service." The language of the act was somewhat changed in 1917; but the words of the corresponding section of the police act for cities of 5000 to 100,000 in habitants are like those here construed.

278. State v. Love (1914), 95 Neb. 573, 145 N. W. 1010; Williams v. Delohery (1913), A. C. 172.

279. Williams v. Delohery, sup.

280. Collier v. The King (Australia, 1901), 27 Vic. L. R. 25, 234.

281. People v. French (1888), 108 N. Y. 105, 15 N. E. 188.

pension roll is expressed as being a right or authority for *retirement by the board* on pension, it is construed, if nothing indicates a different intent, as conditioned on the applicant's remaining in service until the board acts, or at least on his not being dismissed; for after he has been removed from his position he cannot be retired by the board.[282] But there is in some cases a question whether a law which confers a right to be retired on pension does not impliedly take away authority to dismiss after pension has been applied for, or to dismiss for the sole purpose of forestalling an application, so that an attempted discharge is inoperative, and the right to retirement remains.[283] Moreover, it has been held that where by statute only active members of the fire department are entitled to the benefits of a relief association, a fireman adjudged insane, although his office thereupon becomes vacant, is nevertheless entitled to pension so long as his name is still on the association's rolls, and that consequently if he dies before his name is stricken from the rolls his widow is entitled to a pension.[284]

If the removal takes effect so that the person is no longer in service, he cannot have a pension unless he first gets reinstated so that he may then be retired.[285] But where, as in case of a service pension under the Park Police act of 1913, the right to pension is not lost by removal, an applicant whose service has ceased by removal, though the removal was wrongful, is entitled to receive a pension without seeking reinstatement. And being entitled to it, he may maintain mandamus proceedings to obtain it against the pension board, though he is

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282. No right to pension if discharged before application; McGann v. Harris (1904), 114 Ill. App. 308; People v. Board (1904), 116 Ill. App. 252; Larson v. Chicago (1916), 199 Ill. App. 321; nor authority to grant it: Karb v. State (1896), 54 Oh. St. 383, 43 N. E. 920 (semble). No right to pension if discharged after application: People v. French (1888), 108 N. Y. 105, 15 N. E. 188, affirming 44 Hun 24; People v. Brady (1895), 145 N. Y. 253, 39 N. E. 960; nor authority to grant it; People v. French, sup. (semble); State v. Board (1904), 123 Wis. 245, 101 N. W. 373. In Rudolph v. Moshenvel (1911), 37 App. Dist. of Col. 76, a provision that the fund "shall be used" to pension any fireman so disabled without fault as to be discharged from service therefor was construed to fix the right to pension at the time the disabling injury occurred, so that if in fact free from fault he was entitled to a pension, though before applying for it he was removed for alleged intoxication causing his injury.

283. People v. Greene (1905), 181 N. Y. 308, 73 N. E. 1111, reversing 97 App. Div. 502, 90 N. Y. Supp. 162; State v. Board (1904), 123 Wis. 245, 101 N. W. 373 (semble).

284. Anderson v. Firemen's Relief Ass. (1914), 157 Wis. 199, 147 N. W. 1.

285. Larson v. Chicago (1916), 199 Ill. App. 321; Karb v. State (1896), 54 Oh. St. 383, 43 N. E. 920. As to the remedies of an officer or employe wrongfully removed or discharged, see Chicago v. People (1904), 210 Ill. 84; Bullis v. Chicago (1908), 235 Ill. 472; Preston v. Chicago (1910), 246 Ill. 26; Gersch v. Chicago (1911), 250 Ill. 551; Gersch v. Chicago (1915), 192 Ill. App. 190.

at the same time prosecuting mandamus proceedings to procure reinstatement and back salary, on the ground that his removal was wrongful, and that he is still an officer de jure.[286] But it seems that if reinstated he cannot have pension money for the time he is in active service,[286] nor could he have pension money and back salary for the same period.

b. Pending Charges

Where a right is given to retire on pension if at the time of application no charges are pending, the effect may be to prevent retirement for the purpose of avoiding trial or removal for misconduct, and also to prevent the bringing of charges after application for the purpose of avoiding the necessity of paying a pension. The condition is to be construed in the light of its purpose. There are pending charges, if a written statement that the officer has neglected his duty, and of facts which constitute neglect, has been so presented to the body before which charges should be made that it is their duty to act upon it, although the statement is informal, the officer has not been cited to answer it, and its apparent purpose was to spur him to action or to lay a foundation for future charges.[287] But an anonymous letter to the chief containing a list of disorderly houses in a precinct, does not constitute a charge; and it seems a charge must be an accusation stating facts as to conduct which constitute a breach of duty.[288]

c. Delay

If after retirement a right to a pension arises, mere delay in applying will not forfeit the right, though there is delay of twenty years. And even where there has been an omission for twenty years to pay assessments, but the omission is excusable so that it is not a ground of forfeiture in itself, it will not, so far as concerns future installments of the pension, give the character of laches to the delay, where the fund has gained more by the pension's not having been paid out in the past, than it has lost by the assessments not having been paid in.[289] Though a widow first applies for a pension two years after her husband's death, she is entitled to back pension beginning at least with the month after he died.[290] Where a claim for police pension was made and disallowed, and four years later was allowed and certiorari brought

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286. Stiles v. Trustees (1917), 281 Ill. 636.
287. People v. Roosevelt (1895), 35 N. Y. Supp. 1085, 14 Misc. Rep. 531, affirming 34 N. Y. Supp. 228, 12 Misc. Rep. 622.
288. People v. Greene (1905), 181 N. Y. 308, 73 N. E. 1111, reversing 90 N. Y. Supp. 162, 97 App. Div. 502.
289. O'Connor v. Trustees Firemen's Pension Fund (1910), 155 Ill. App. 460, affirmed 247 N. Y. 54.
290. People v. Armstrong (1915), 196 Ill. App. 199.

to set aside the disallowance as constituting a bar to the allowance, there being excuse for the delay, neither the lapse of time, nor the fact that one hundred and forty-eight members had in the interim, by joining the force acquired expectations in some degree impaired by the allowance, barred the relief.[291]

d. Accepting Other Relief

A pension for life granted unconditionally on retirement, whether by reason of length of service[292] or by reason of permanent disability, is not forfeited by entering upon other employment. This is true even though the employment is by the same city, and it may under certain circumstances be true though the employment is in the same capacity. At any rate, where a New York City policeman, retired on a pension after twenty years service, joined the Brooklyn force, and afterwards the cities were consolidated, it was held he had a right to both pension and salary from the consolidated city.[293] But pension laws do not contemplate the holding of more than one pension under the same board by the same person at the same time, for a pension is granted as an allowance suitable for the pensioner's needs. This is shown to be so, where the statutory right is to receive "an" annual pension. For this reason when the policeman above mentioned, having completed a second term of twenty years, applied to be retired upon a second and larger pension, it was held that he was not entitled to a second pension, but he was, it was said, entitled to have the pension he already held increased to make it equal to what the larger pension would have been.[294] A person, however, entitled to a pension which is denied him, but awarded a smaller pension, does not merely by receiving money under the pension awarded, lose his right to the larger pension. "A statutory claim cannot be defeated in that way unless there is something in the nature of accord and satisfaction or estoppel."[295] In a California case, where the law provided a pension for the widow of an officer killed on duty, and a pension for disability to cease at death, and an officer disabled on duty accepted a disability pension, but died of the injury, the court thought the pensions were exclusive of each other, and that by the officer's acceptance of a pension to cease at

291. McGurty v. Mayor of Newark (1917), 90 N. J. L. 103, 100 A. 849.
292. Williams v. Delohery (1913), A. C. 172.
293. People v. York (1899), 41 App. Div. 419, 59 N. Y. Supp. 735.
294. Mulvey v. Waldo (1912), 80 Misc. Rep. 317, 140 N. Y. Supp. 988.
295. Grenville v. Williams (Australia, 1906), 4 Com. L. R. 694, reversed on another ground in Williams v. Curator (1909), A. C. 353; Moore v. Board (1907), 121 App. Div. 862, 106 N. Y. Supp. 983, affirmed 195 N. Y. 614, 89 N. E. 1105.

death, the widow was barred.[296] The court's reasoning is unconvincing; its result leaves unprovided for a widow whom the legislature plainly desired to protect, and the decision was distinguished in a later case in which it was held that a widow was not barred by her husband's accepting on retirement after long service a pension to cease at death.[297]

A right to a pension is not impaired by the fact that other relief happens to be open to the applicant, as, for instance, in the case of an injured policeman, a right of action for damages against a person whose fault caused the injury.[298] Nor is it material that the person at fault is the city. Or that the city's liability, like the right to a pension, is created by special statute, such as a Workmen's Compensation act.[299] And conversely the fact that one is entitled to a pension does not bar him from suing the city for damages instead. Acceptance of city employment under a law by which one may have a pension if injured does not evidence a contract not to sue the city if injured by it, nor does the pension law intend by its own force to abolish the right of action against the city of those who are eligible to its benefits.[300] So the dependents of a fireman killed on duty may sue the city under a statute giving dependents a right of action against one who causes death by wrongful act.[301] And a city employe eligible to pension may recover under the Workmen's Compensation act.[302]

It is a different question whether the *acceptance* of relief in one form prevents or diminishes recovery in the other. This question was presented in a series of cases in the state of Washington. It was held that the damages a policeman may recover against a wrongdoer who has disabled him are not diminished by his having received a disability pension from the city, or by his having received pension money under it.[303] It was said this would be so though the policeman had contributed nothing to the pension fund.[304] It was also decided that a city employe does not by recovering full damages from a person who has injured him impair his right to recover from the city his full claim under a charter provision that an employe disabled in the discharge

296. Edwards v. Swigert (1911), 15 Cal. App. 503, 115 P. 256.
297. Mackey v. Mott (1914), 25 Cal. App. 110, 142 P. 1082.
298. Engstrom v. Seattle (1916), 92 Wash. 568, 159 P. 816.
299. Dickey v. Jackson (1917) — Iowa —, 165 N. W. 387.
300. Coots v. Detroit (1889), 75 Mich. 628, 43 N. W. 17, 5 L. R. A. 315 (especially where pension is not granted as of right nor unless disability is incurred on duty).
301. Longfellow v. Seattle (1913), 76 Wash. 509, 136 P. 855.
302. Dickey v. Jackson (1917), — Iowa —, 165 N. W. 387.
303. Heath v. Seattle Taxicab Co. (1913, 73 Wash. 177, 131 P. 843.
304. Engtrom v. Seattle (1916), 92 Wash. 568, 159 P. 816.

of his duties may receive half pay during disability for six months.[305] Mount, J., said: "It was in the nature of a pension for the services which had theretofore been rendered by the employe." But in an earlier Washington case,[306] it was held that as a pension for death or disability is intended as compensation, the receipt of city pension money will bar an action against the city itself for damages caused by its negligence, at least where the pension is large enough fairly to be regarded as adequate compensation. It was ruled that a pensioned widow could not have damages from the city for causing her husband's death. The court relied on the Illinois case of Eckman v. C. B. & Q. R. Co.[307] and similar cases. But those cases only hold that an employe accepting benefits from a private employer's benefit fund impliedly agrees to release the employer. They do not directly apply to a case where an employe has a right by law to the benefit. A pension to a child until sixteen might plainly be inadequate compensation for the loss of its father's support. The question, it will be noticed, is not whether the value of the pension should be deducted from the damages. The decision may be compared with a recent Iowa case where a disabled employe received an award against the city under a Workmen's Compensation act, and then applied for a pension. He was held to be entitled to the pension.[308] Weaver, J., said: "The words 'pension' and 'compensation' are not synonymous, nor is the plan and purpose which underlie the Workmen's Compensation act necessarily identical with those which induce the establishment of a pension fund. The latter is ordinarily a gratuity from the government or some of its subordinate agencies, in recognition, but not in payment, for past services, though when provided as part of a scheme of employment it would seem to include some elements of a contractual character, and is doubtless intended to encourage faithfulness of service. On the other hand, Workmen's Compensation acts are intended to secure to the injured employes a money allowance, which shall to some degree pay to employes a compensation for the loss or damages to which their injuries in the master's service has subjected them. The purposes of the case before us do not require us to attempt solution of the difficult question how far statutes dealing with these subjects may both stand and the benefits of both be enjoyed by the same individual. It would seem, however, under familiar principles, that if there be no express repeal of the earlier statute, and no demonstrable inconsistency between

305. Engstrom v. Seattle, sup.

306. Longfellow v. Seattle (1913), 76 Wash. 509, 136 P. 855. Farley v. Mayor (1895), 36 N. Y. Supp. 1115, 15 Misc Rep. 33 (semble) acc.

307. (1897), 169 Ill. 312, 48 N. E. 496, 38 L. R. A. 750.

308. Dickey v. Jackson (1917), — Iowa —, 165 N. W. 387.

such statute and one of a later enactment, both must be given effect according to their terms." It was held that as the pension law was still in force the employe was entitled to a pension, that if he was also within the Workmen's Compensation law, receipt of compensation did not bar his pension, and that if not within it, the fact he had received money to which he was not entitled did not affect his right to pension.

e. Waiver and Misconduct

A right may be given up by agreement based on consideration. Where only persons who pass a medical examination are eligible to membership in a police relief association, a policeman admitted on an agreement not to claim benefits until he has passed the examination, is not entitled to benefits if he has not taken the examination.[309]

Misconduct does not, except as provided by statute, affect the right to a pension unless it consists in fraud in relation to the pension itself. A fireman's widow is entitled to pension though she has deserted her husband and keeps a house of ill fame.[310] Good standing is not an implied condition of retirement on a police service pension.[311] Nor may a pension be stopped because of a retroactive order discharging the pensioner for misconduct.[312] A policeman retired for disability is entitled to retain his pension though he is bankrupt, has left the country to evade creditors, and a warrant is out for his arrest. And a provision that where incapacity ceases the board may "cancel the pension and require him to serve again in the police force" does not permit a discontinuance without offering him a position on the force though he is disqualified for holding it.[313]

Refusal to undergo a medical examination provided for by statute does not of itself take away the right to the continuance of a disability pension, although the pension board may for that reason suspend or discontinue the pension, if the statute expressly or impliedly authorizes them to do so.[314] It is not, unless the statute makes it so, a condition to the right to retain a pension that the pensioner reside in the state or keep the board notified of his whereabouts. A provision that

309. Lydon v. Police Pension Fund Ass. (1898), 8 Pa. Superior Ct. 251.

310. Gibbs v. Minneapolis Fire Relief Ass. (1914), 125 Minn. 174, 145 N. W. 1075, Ann. Cas. 1915C 749.

311. People v. Greene (1905), 181 N. Y. 308, 73 N. E. 1111, reversing 97 App. Div. 502, 90 N. Y. Supp. 162, and virtually overruling People v. Greene (1903), 87 App. Div. 589, 84 N. Y. Supp. 673.

312. State v. Board (1912), 20 Ohio Cir. Ct. Rep. (N. S.), 13.

313. Queen v. Lord Leigh (1897), 1 Q. B. 132.

314. State v. Holmes (1915), 23 Ohio Cir. Ct. Rep. (N. S.), 133.

an officer retired on service pension may be called on for service in emergency does not impose such a condition, since in substance the pension is for past, not future, service.[315]

The fact that an officer's appointment was irregular and might, because he was ineligible, have been set aside, does not affect the validity of his pension. Service as an officer or employe brings him within the pension law.[316]

f. Fraud, Mistake and Change of Circumstances

A person who has been induced by another's fraud to grant the other a right may, if he wishes, permit the transaction to stand; or, if no interests of innocent parties are involved, he may choose to treat his fraudulently obtained consent as if it had not been given, and regard the transaction as a nullity; or, if he prefers to regard the transaction as operative, he may rescind it on the ground that because of the fraud, it does not bind him. Thus if a pension is obtained by fraud, the board which has granted it may overlook the fraud and continue to pay the pension, or discontinue it without formality, or revoke it for fraud.[317] And where a federal pension has been obtained by the pensioner's fraud, the United States may at once sue him and recover the money paid on it.[318]

If a pension is awarded in a case not within the pension law, whether by fraud, mistake of law or of fact or for any other reason, the grant, being unauthorized, is void, and there is no authority to continue paying it.[319] But if a pension is awarded in a case within the statute, that is to say in a case where the board is authorized to grant the pension, if it believes the statutory conditions to be fulfilled, the

315. Moffatt v. Lowell (1913), 215 Mass. 92, 102 N. E. 344.

316. See In re Hickey (1907), 56 Misc. Rep. 118, 106 N. Y. Supp. 148 (policeman naturalized by fraud of others retired after sixteen years service on disability pension).

317. See Eddy v. People (1905), 218 Ill. 611; Tyson v. Board (1910), 139 Ky. 256, 129 S. W. 820.

318. U. S. v. Lalone (1890), 44 Fed. 475 (reversed 164 U. S. 255 on ground fraud not proved); Pooler v. U. S. (1904), 127 Fed. 519.

319. Eddy v. Morgan (1905), 216 Ill. 437; People v. Waddy (1902), 172 N. Y. 305, 65 N. E. 164; The King v. Local Pension Committee (1910), 2 Irish Rep. 403. A statute authorized pensions to indigent persons of seventy, the decision of the committee making the award to be conclusive, except that it might discontinue a pension if the conditions did not continue to be fulfilled. An unqualified pensioner might be compelled to repay the money he had received. It was held proper to discontinue a pension awarded by mistake to a person under seventy, not only because the attainment of seventy was a condition which did not "continue" to be fulfilled, but also because, as it was the basis of the right to a pension, it was an implied condition of the right to receive it, and the clause making the committee's decision conclusive was inapplicable. Murphy v. The King (1911), A. C. 401, affirming (1911), 2 Ir. R. 88.

pension is valid though based on mistake, and does not cease to be payable merely because it afterwards appears that the applicant had not fulfilled the requirements and that the pension should not have been granted.[320] But a question may arise in such a case whether the board's authority extends to discontinuing it. As has been seen, the right which a pension confers is revocable by the authority that authorized its grant. Whether it is revocable by the board depends simply upon whether the board has expressly or impliedly been vested with authority to revoke the pension under the circumstances, as well as to grant it. The delegation to a board of power to award and pay pensions does not of itself imply intent to delegate a power of revocation. This is especially so where the statute provides that the board's decisions on applications shall be final and conclusive. An added proviso that the decision shall not be subject to review or reversal except by the board itself, is perhaps intended to make plain that a rejected application may afterwards be allowed, but it does not indicate intent affirmatively to vest the board with the separate power of taking away a right definitely granted.[321]

It follows *a fortiori* that a pension board has no authority to revoke or reduce an award merely because by mistake of fact the grant as made was inexpedient. Police authorities empowered to award gratuities to the children of deceased policemen if they see fit, have no authority to revoke an award on learning that the children were of full age and earning their own living.[322] A board authorized to award to disabled policemen relief not to exceed $50 a month is not thereby authorized to reduce an award once made because they discover that the policeman is not dependent on his pension.[323] Nor can a board stop a pension because by change of circumstances it has become desirable to do so, as where a fireman retired on pension but still treated as a member of the department is discharged for misconduct.[324] Nor, it seems, can a pension for permanent disability be dis-

320. See cases in note 321.

321. Eddy v. People (1905), 218 Ill. 611, affirming 120 Ill. App. 626 (board has no authority to drop policeman's widow from rolls on ground his death did not result from injury in discharge of duty); Tyson v. Board (1910), 139 Ky. 256, 129 S. W. 820 (board has no authority to drop from rolls on erroneously deciding that it had no jurisdiction to grant the pension. A provision that its determination shall be conclusive and not subject to review refers only to its determination in granting pensions); Board of Police Comrs. v. McClenehan (1917), Md., 107 A. 786 (board has no jurisdiction to discontinue pension on mistaken belief that it had no jurisdiction to grant it). See also cases in following notes.

322. Campbell v. Glasgow Police Comrs. (1895), 32 Scottish Law Reporter 497.

323. Rudolph v. U. S. (1913), 41 App. Dist. of Col. 29.

324. State v. Board (1912), 20 Ohio Cir. Ct. Rep (N. S.) 13.

continued because the disability has ceased,[325] or a pensioner dropped from the rolls because he has received compensation under the Workmen's Compensation act.[326]

Since, however, a pension is revocable by the state, it is revocable by the pension board, if the board is duly authorized. The authority may be implied as well as express and may result from the general tenor of the pension act.

The control over federal pensions which the act of Congress vests in the Commissioner of Pensions extends to the reconsideration of ratings, at least so far as to revoke an increase, previously granted, on the ground that it is unwarranted by the proofs.[327] A provision that persons pensioned for disability shall undergo a medical examination and that according to the result of the examination the commissioners may determine whether the pension shall continue, impliedly authorizes the commissioners to discontinue the pension without examination, if the pensioner refuses to attend.[328] But refusal to be examined will not justify discontinuing the pension, unless the examination is to be of the character contemplated by the statute, that is to say, for the purposes of ascertaining the pensioner's capacity for service. Where the police authorities ordered a pensioner to appear for examination for the mere purpose of affording an opportunity of arresting him when he appeared, it was held that the order and a subsequent discontinuance of his pension on his refusal to appear were unauthorized, although the statute required them yearly to satisfy

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325. Board of Police Comrs. v. McClenehan (1917), Md. 101 A. 786.

326. Dickey v. Jackson (1917), — Iowa —, 165 N. W. 387 (order without notice).

327. Lochren v. Long (1895), 6 App. Dist. of Col. 486. An English statute which established a pension fund for constables liable to dismissal without cause, empowered the secretary of state to order that any constable who had served fifteen years and was sixty years old or infirm "may be superannuated and receive * * * a yearly allowance * * * but nothing herein contained shall be construed to entitle any constable absolutely to any superannuation allowance, or to prevent him from being dismissed without superannuation allowance." Mr. Justice Blackburn construed the statute as empowering the secretary of state to revoke an allowance granted, making the allowance as precarious as the tenure of office had been; but he said that under another statute (11 and 12 Vic. c. 14, see Hobson v. Mayor of Hull, 4 E. & B. 986) which entitled a constable of fifty to retire on a yearly allowance after fifteen years service, the pension was irrevocable. Queen v. Metropolitan Receiver (1863), 4 B. & S. 593.

328. MacFarland v. Bieber (1909), 32 App. Dist. of Col. 513. But where the police commissioner had power to recall to duty a policeman whose disability had ceased, it was held that a pension board had no implied authority to suspend the pension for refusal to appear for physical examination. State v. Holmes (1915), 23 Ohio Cir. Rep. (N. S.), 133.

themselves that the incapacity continued, and, unless they resolved that examination was unnecessary, to do so by medical examination, and provided that they might treat refusal to submit to examination as capacity.[329] And authority to determine by medical examination whether a disability pension shall be reduced is not authority to reduce it because it incidentally appears on a medical examination that pensioner is a man of means.[330]

VIII. AMOUNT OF PENSION

Cases involving questions as to the amount for which pensions should be awarded are few.

A New York statute gave disabled policemen a right to retire voluntarily on half salary, and empowered the police commissioner to retire them compulsorily at not more than half or less than quarter salary. The court thought the difference intentional and designed to encourage voluntary retirement. It held that though a disabled policeman might of right retire at half salary, the commissioner might retire him at less than half.[331] A statute which permits retirement at a monthly pension of half the monthly salary entitles a person whose salary is paid quarterly to retire on a monthly pension sufficient to make in a year one-half his annual salary.[332] Where an officer entitled to receive and receiving board and lodging free, is retired on half pay, the value of board and lodging are not to be reckoned as part of his pay,[333] nor is a separate allowance for special duties a part of pay.[334]

A right to an accumulated leave of absence at full pay (if in the judgment of the department head the exigencies of the department permit) is incident to active service, and is lost by compulsory retirement on pension at half pay, and there is no right to the full pay or to compensation for its loss.[335] Where, on a policeman's death, the amounts which have been deducted from his salary for the fund are payable to his widow, amounts deducted under a previous law and paid into a different fund, presumably exhausted, are not included.[336]

329. Queen v. Lord Leigh (1897), 1 Q. B. 132.
330. Rudolph v. U. S. (1913), 41 App. Dist. of Col. 29.
331. Beal v. Bingham (1908), 60 Misc. Rep. 539, 112 N. Y. Supp. 465.
332. State v. Knowles (1911), 145 Wis. 523, 130 N. W. 451.
333. Goodwin v. Sheffield Corp. (1902), 1 K. P. 629.
334. Upperton v. Ridley (1903), A. C. 281.
335. Baker v. Williams (New So. Wales, 1912), 12 S. R. 449, 29 W. N. 116.
336. Burke v. Board (1906), 4 Cal. App. 235, 87 P. 421.

IX. PENSION FUNDS

a. Rights of Beneficiaries

One who enters upon or continues in public employment in expectation of receiving a pension from an established pension fund does not thereby acquire any interest in the fund except in a very limited sense. There is no implied contract that if he will remain in service the city or state will make good the expectations which the pension system holds out.[337] There is no implied declaration that it will hold the fund in trust to fulfill the purposes for which it has been accumulated.[338] Nor does an expecting beneficiary acquire any interest in the fund from the fact that it is supplied partly or wholly by amounts deducted from salaries in pursuance of a requirement of law. The provision for the so-called deduction is in fact a diminution of salary.[339] The lessened salaries are paid in full, the percentages deducted are public money and go into the fund as such.[340] Until the event has happened which by the law as it exists at that time confers on a beneficiary a right to a pension, he has a mere expectation of acquiring the right, and the expectation will be defeated if the government repeals the law,[341] or without supplying other moneys devotes the fund to another purpose,[342] or if the officer or employe resigns or is dismissed or removed,[343] or if his office or position is abolished.[344] In none of these cases is he entitled to a refund of salary compulsorily deducted[345] or to compensation, for nothing which is his has been taken from him.[346]

Where deductions from salary are made only in case of persons who elect to participate in pension benefits, or where the participants

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337. Pecoy v. Chicago (1914), 265 Ill. 78; Clarke v. Police Ins. Board (1898), 123 Cal. 24, 55 P. 576; State v. Board (1904), 121 Wis. 44, 98 N. W. 954; MacFarland v. Bieber (1909), 32 App. Dist. of Col. 513; and cases in notes 106, 107, 108.

338. Pecoy v. Chicago, sup.; Pennie v. Reis (1889), 132 U. S. 464 (repeal of pension law does not deprive of property).

339. Pecoy v. Chicago, sup; Helliwell v. Sweitzer (1917), 278 Ill. 248; Pennie v. Reis, sup.; State v. Board, sup.; MacFarland v. Bieber, sup.; People v. Coler (1902), 71 App. Div. 584, 76 N. Y. Supp. 205, affirmed 173 N. Y. 103, 65 N. E. 956.

340. Burke v. Board (1906), 4 Cal. App. 421, 87 P. 424.

341. Pecoy v. Chicago, sup.; Pennie v. Reis, sup.; Clarke v. Police Ins. Board, sup.; State v. Board, sup.; and cases in notes 106, 107, 108.

342. Hughes v. Treager (1914), 264 Ill. 612 (semble).

343. Clarke v. Reis (1891), 87 Cal. 543, 25 P. 759.

344. See Lazenby v. Elmira Police Board (1902), 76 App. Div. 171, 78 N. Y. Supp. 302.

345. Clarke v. Reis (1891), 87 Cal. 543, 25 P. 759 (no refund on removal).

346. Clarke v. Board (1898), 123 Cal. 24, 55 P. 576 (no claim for surrender value of expectation of death benefit).

contribute their own money to the fund, it is only in a limited sense that they thereby acquire any interest in the fund. The fact that one has voluntarily contributed for many years and would soon be entitled to retire on pension gives no right to be retained in employment or office.[347] And the state or municipality does not by accepting contributions incur any obligation to carry out the pension scheme or to use the fund in paying pensions.[348] Nevertheless expectant beneficiaries have some right in respect to the pension fund. So long as the pension law remains in force they have a real concern in having the fund kept intact. The duty to manage the fund which the law imposes on the pension board is imposed for the beneficiaries' benefit, and would seem to render the board their fiduciaries. If so, a court of equity would protect their interests, as by enjoining a misappropriation of the fund. It has accordingly been held that a person presently entitled to a pension, though he has not yet applied for it, from a fund contributed to by deductions from salaries, may maintain a bill in behalf of all contributors who may become entitled to pensions in future to enjoin unauthorized payments from the fund, joining as defendants, in a single suit, the pension board and all persons who seek unauthorized payments from it, though they act independently of each other.[349]

Moreover, if a municipality accepts contributions to a pension fund, whether paid directly or by election to have a percentage deducted from salary, and will not carry out the plan, it should return the money, if it has it. And an obligation to return the money may arise where the contribution was based on mistake or was illegally exacted. These obligations have been recognized in the following cases:

Certain policemen consented to a deduction from their salaries for a pension fund on the mistaken understanding that under the law a like amount was to be paid in from the salaries of other policemen.

347. People v. Chicago (1917), 278 Ill. 318 (teacher discharged); People v. Coler (1903), 173 N. Y. 103, 65 N. E. 956, affirming 71 App. Div. 584, 76 N. Y. Supp. 205, 1026, legislature may abolish office. That deductions were voluntary in part, see People v. McClave (1886), 102 N. Y. 468, 7 N. E. 406); People v. Peck (1902), 73 App. Div. 89, 76 N. Y. Supp. 328 (may remove without actual cause, police board's decision that ground for removal exists being final); Lazenby v. Elmira Police Board (1902), 76 App. Div. 171, 78 N. Y. Supp. 302 (position abolished because services no longer needed).

348. In re Bristol (1916), 173 App. Div. 545, 160 N. Y. Supp. 410, affirming 93 Misc. 626, 158 N. Y. Supp. 503 (pension repealed after voluntary deductions from salary); and see Gibbs v. Minn. etc. Ass. (1914), 125 Minn. 174, 145 N. W. 1075, Ann. Cas. 1915C 749, and Minegar v. Minn. etc. Ass. (1914), 126 Minn. 332, 148 N. W. 279 (dues paid to relief association).

349. O'Connor v. Trustees of Firemen's Pension Fund (1910), 155 Ill. App. 460, affirmed 247 Ill. 54.

Because it was not paid in the fund proved insufficient. The court took the view that since the pension scheme to which they believed they were contributing could not be carried out, they were entitled to a refund, though pensions already granted would have to be reduced.[350]

A pension fund for city teachers was made up partly of excise money and partly of a percentage of the salaries of those who elected to participate in the benefits. School janitors were eligible at first, but by a later law were excluded. It was thought that no right of the continuing members was violated by devoting the fund to a new pension scheme in harmony with the original purpose. But it was held that the trustees, who were authorized to pay "obligations" from the fund, had authority to return to the excluded janitors the amount of their contributions with interest.[351]

Under a void law sums were withheld from teachers' salaries and paid into a pension fund, and the fund, under a later and valid statute, was mingled with a fund for teachers who consented to deductions from salary. It was held that a non-consenting teacher was not confined to a suit for salary withheld under the void law, but had a claim to be paid out of the fund so far as it had been increased at his expense, and that the board in control of the fund had authority to pay to him, and it was said that it ought to do so.[352]

In a Connecticut case, the court went further. A teachers' pension fund was in fact wholly formed from deductions from salaries of consenting teachers and from gifts. The law specified that it should also be made up of "such other methods of increment as may be duly and legally devised," but the court said that an annuity due under the law was not a pension granted by the state and that the fund was not a state fund. It was held that the acceptance of a contribution from a teacher gave rise to a contract by the state that whatever conditions for pensions might be established, the pensions should be granted if the conditions were fulfilled, and that an amendment to the law which made retirement on pension subject to the *approval* of the board, whose opinion as to whether the conditions were fulfilled should be final, impaired the obligation of the contract and was void.[353]

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350. Murray v. Buckley (1888), 1 N. Y. Supp. 247.
351. In re Bristol (1916), 173 App. Div. 545, 160 N. Y. Supp. 410, affirming 93 Misc. 626, 158 N. Y. Supp. 503.
352. Venable v. Schafer (1906), 28 Ohio Cir. Ct. Rep. 202.
353. Ball v. Board of Trustees (1904), 71 N. J. L. 64, 58 A. 111.

b. Sources

Where policemen receive salaries in lieu of fees, but costs taxed against convicted criminals include, under the name of fees, charges for policemen's services in travel, attendance at court and custody of offenders, such charges when collected fall within a statutory provision that fees paid for policemen's services shall be paid into the police pension fund.[354]

Where amounts withheld from teachers' pay for absence are to be certified and paid by the board of education to the state comptroller for the teachers' retirement fund, and a sum is so withheld and certified, but afterwards, the absence being excused, paid to the teacher, it is not "withheld" within the meaning of the statute, for the provision is not intended to involve the board of education in expense beyond the salary list. The fund is to get only what teachers do not get.[355]

Under the Park Policemen's act of 1917, the pension board is bound to accept the estimate of the superintendent of insurance as to the amount of money needed to pay pensions and maintain a reserve, and embody it in its report to the park commissioners; and the commissioners must accept it and make it the amount of the tax which the law directs them to levy.[356]

The tax levy for 1915 for firemen's and policemen's pensions in Chicago was valid, because, being expressly authorized by the legislature, it was not subject to the requirements of the general tax law.[357]

X. POWERS AND DUTIES OF PENSION BOARDS

a. Nature of Power Exercised

A pension board, being an administrative body, cannot be vested with power to determine whether and on what conditions pensions shall be granted, or to grant such pensions as it sees fit, for it belongs to the legislature alone to determine questions of policy and to make the determination effective by creating new legal rights. A statute which purported to authorize a board to grant or to fix the conditions for pensions without expressly or impliedly imposing any rule or principle by which to determine its action would be void as an attempt to confer legislative power upon an administrative body.[358] Nevertheless, the separation of governmental powers is not intended to stand in the

354. State v. Oshkosh (1917) — Wis. —, 166 N. W. 37.
355. People v. Cook (1917), 100 Misc. Rep. 276, 166 N. Y. Supp. 637.
356. Trustees v. Comrs. of Lincoln Park (1918), 282 Ill. 348.
357. People v. Daemicke (1917), 278 Ill. 53.
358. Noel v. People (1900), 187 Ill. 587 (an act authorizing a board of pharmacy in its discretion to issue permits to sell patent medicines under such restrictions as it may deem proper is void); Hewitt v. State

way of effective legislation.[359] It is impossible to provide in advance for every contingency so that the officers who administer the laws shall always have a definite rule to guide their conduct and shall never be obliged to exercise discretion. Therefore it is sufficient if the legislature fixes as definitely as is practicable the principles and rules upon which pensions are to be awarded and empowers a pension board or commissioner to apply them to cases as they arise, though the application involves in some degree a determination of matters of policy.[360] So a pension board may be empowered to fix the amount of pension between limits,[361] and to withhold a pension altogether for want of merit in the applicant or for other sound reason.[362]

It is sometimes said that in determining an application for a pension a board acts judicially. What is meant is that its work resembles that of a court in the nature of the questions it has to decide and of the mental operations involved in the decision, or that, like the judgment of a court, its grant of a pension is final and confers a right which it cannot revoke.[363] But a pension board differs from a court in the scope and effect of its decisions. It does not exercise judicial power. It only decides for itself what it shall do, and the decision is not, as is the judgment of a court, an adjudication upon the rights of others, although the fact that the board has acted and granted or denied

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Board of Medical Examiners (1906), 148 Cal. 590, 84 P. 39, 3 L. R. A. (N. S.), 896, 113 Am. St. Rep. 315, 7 Ann. Cas. 750 (authority to revoke licenses of physicians); State v. Gt. No. Ry. Co. (1907), 100 Minn. 445, 111 N. W. 289, 10 L. R. A. (N. S.) 250 (authority to control increases of corporate stock).

359. Buttfield v. Stranahan (1904), 192 U. S. 470, 496; Brewer, J., in Chicago v. Dey (1888), 35 Fed. 866, 874, 1 L. R. A. 744.

360. U. S. v. Grimaud (1910), 220 U. S. 506.

361. People v. Martin (1895), 145 N. Y. 253. 39 N. E. 960.

362. Gleason v. Board (1914), 92 Kans. 632, 141 P. 584 (may deny pension to infirm paupers if poorhouse relief more suitable); Coots v. Detroit (1889), 75 Mich. 628, 43 N. W. 17, 5 L. R. A. 315; People v. Matsell (1883), 94 N. Y. 179; People v. French (1887), 46 Hun 232; People v. Martin (1892), 131 N. Y. 196, 30 N. E. 60 (may deny pension from insufficiency of fund and for misconduct); People v. Martin (1895), 145 N. Y. 253, 39 N. E. 960 (may dismiss for misconduct instead of pensioning; Tobin v. Scannell (1901), 64 App. Div. 375, 72 N. Y. Supp. 184; Friel v. McAdoo (1905), 101 App. Div. 155, 91 N. Y. Supp. 454, affirmed 181 N. Y. 558, 74 N. E. 1117; People v. Bingham (1910), 198 N. Y. 274, 91 N. E. 580; State v. Verner (1889), 30 S. Car. 277, 9 S. E. 113 (discretion to approve pensions to soldiers' widows). Parliament may vest in commissioners an uncontrolled discretion to grant or withhold pensions. Cooper v. Queen (1880), 14 Ch. Div. 311; Yorke v. Rex (1915), 1 K. B. 852.

363. See Eddy v. People (1905), 218 Ill. 611; Lochren v. Long (1895), 6 App. Dist. of Col. 486; Ramsey v. Hayes (1907), 187 N. Y. 367, 80 N. E. 193; Stokely v. De Camp (1849), 2 Grant's Cas. (Pa. Sup. Ct.), 17; The King v. Local Govt. Board (1910), 2 Irish Rep. 440.

a pension may, like any other occurrence, affect their rights. Since its action is not a judgment, no appeal lies to a court.[364]

b. The Duty to Award Pensions and Its Enforcement

As a person aggrieved by the refusal of a city officer to pay a debt owed by the city may sue the city, so a person aggrieved by a pension board's action may bring original proceedings in court to enforce whatever rights he has. The power and duty of the board to act and the truth of the alleged facts upon which it based its action are open to question in any proceeding in which they are relevant. If no statute provides otherwise, a court's control over a pension board rests on the same principles which determine its control over persons and officers in general. So long as the board acts within its authority and fulfills its duties, it violates no legal rights. If it exceeds its authority its act will be treated as unauthorized, and if it violates a legal right, the violation will be redressed by appropriate means.

If an applicant has a legal right to a pension and it is refused, the board may be mandamused to grant it to him; if without authority it has removed a pensioner from the rolls, it will be directed to restore him and to pay his pension. If he has not a right to a pension, but only a right to have the board hear his case and decide whether to give him a pension, that right will be enforced. The difficulty lies in ascertaining precisely what the rights and duties are between applicants and boards under the various pension laws.

A person who has fulfilled the preliminary requirements for a pension is entitled, when he applies for it, to have the board give adequate consideration to his case. If it refuses to do so it denies his right and mandamus will issue to compel it to perform its duty.[365] He also has a right to have the board grant him a pension provided he duly proves his case before the board and the board really thinks him

364. Board v. McCrory (1909), 132 Ky. 89, 116 S. W. 326. But it is constitutional to provide by statute for a review by a court, not to adjudicate rights as between parties, but solely to secure the conformity of executive action to the law. U. S. v. Duell (1898), 172 U. S. 576; Minn. etc. R. Co. v. R. R. Comm. (1908), 136 Wis. 146, 116 N. W. 905, 17 L. R. A. (N. S.), 821. Compare Aurora v. Schoeberlein (1907), 230 Ill. 496.

365. People v. French (1887), 46 Hun 232 (where board with discretion to refuse pension refuses it on the erroneous ground that on the admitted facts the law forbids its grant, mandamus will issue to require it to consider application on the basis that the law does not forbid it); Rudolph v. Moshenvel (1911), 37 App. Dist. of Col. 76 (where pension refused to disabled discharged fireman on the erroneous ground that he could not have pension because discharged, mandamus will issue to pension board to cause assembling of examining board to determine whether he is disabled); Stevens v. Minneapolis etc. Ass. (1914), 124 Minn. 381, 145 N. W. 35 (action for pension allowed, there being no objection to the form of remedy); Rex. v. Treasury (1909), 2 K. B. 183 (board empowered to appor-

entitled to it. If the board's refusal of a pension is shown to be in bad faith, mandamus will issue to compel it to grant a pension. So, too, in any case where the board clearly abuses its discretion, it is subject to mandamus, because the abuse is a refusal to perform its duty.[366]

If the law provides that on specified conditions a person *shall be granted* a pension, and contains no qualifying clause, such as that satisfactory proof shall be made of the facts, or that the board's decision shall be conclusive, it may be construed to confer a right to have a pension, or, which is the same thing, to impose on the board a duty to grant it, provided those conditions are in fact fulfilled and the pension is applied for, and reasonably sufficient evidence of fulfillment, if that is expressly or impliedly a condition, duly made. If then the board makes an erroneous decision and refuses the pension, it is denying a legal right, and mandamus will issue to enforce the right by directing the board to grant the pension. This construction is placed upon section three of the police act of 1887, and upon provisions similarly worded in other acts.[367]

In some jurisdictions, however, statutes will not be so construed. Some courts consider that where a pension must come through action

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tion pension between two funds must make apportionment); and see Calder v. Chicago (1913), 176 Ill. App. 313 (board, it seems, may be mandamused to make a decision, though not bound to decide for applicant).

But if the board has heard as much evidence as it reasonably thinks necessary for a fair decision, it is no ground of complaint that it refused to hear all the relevant evidence offered. And, it seems, it is not necessary to notify applicant of the time and place where he may be heard, if he can learn it by inquiry, nor to hear him or his witnesses in person, provided opportunity is given him to present his case in writing. The King v. Local Govt. Board (1911), 2 Irish Rep. 331.

366. Tobin v. Scannell (1901) 64 App. Div. 375, 72 N. Y. Supp. 184 (though the statute says that commissioner shall determine circumstances of case, and payment of pension not obligatory, nor a matter of legal right, it does not empower him to refuse pension without cause; and if he does not show cause, he will be mandamused to grant pension); Williams v. Giddy (1911), A. C. 381, affirming Giddy v. Williams, 11 New So. Wales St. Rep. 181 (award of a penny a year held a refusal to fix amount of pension); Ramsey v. Hayes (1907), 187 N. Y. 367, 80 N. E. 193, semble (pension unjustifiably fixed at less than half salary).

367. Ryan v. Foreman (1914), 262 Ill. 175 (adopted child is entitled like natural child to continuance of retirement pension. Facts admitted by demurrer); Stiles v. Board (1917) 281 Ill. 636 (park policeman entitled to pension though dismissed. Facts admitted); Hess v. Board (1913), 188 Ill. App. 8 (act for cities of less than 50,000 entitles policemen to retirement after twenty years service though not continuous. Facts admitted by demurrer. It seems that right to pension accrues as soon as application is filed); State v. Board (1917), 141 La. 427, 75 So. 103 (fireman's widow shall be entitled to pension and placed on rolls); State v. Love (1914), 95 Neb. 573, 145 N. W. 1010 (city shall pension all firemen who have served twenty-one years and elect to retire); Matter of Tobin (1900), 164 N. Y. 532, 58 N. E. 650, affirming 53 App. Div. 483, 66 N. Y. Supp. 97 ($1000 to be paid to fireman's widow); People v. Partridge (1903), 174

by a commissioner or by a board, the real duty is only to give adequate consideration to the case and to award the pension if the applicant is thought to be entitled to it. In this view a favorable opinion of the board is a condition of the right to a pension. As with a court, the board's duty is to render a decision, not to decide in a particular way, however plain the case. Mandamus will not lie to compel the grant of a pension no matter how clearly it appears that the refusal to grant it was based on misconception, whether of fact or law.[368]

The same result is everywhere reached when the statute contains special words that show intent to make a favorable opinion of the board a condition of the right to have a pension.[369] Where such words are found there can be no mandamus to grant a pension unless the facts on which the claim rests were brought by suitable allegations to the attention of the board,[370] and proved to its satisfaction.[371]

N. Y. 526, 66 N. E. 1107, reversing 78 App. Div. 204, 79 N. Y. Supp. 722 (by mistake of law board thought policeman's appointment illegal); and see People v. Greene (1905), 181 N. Y. 308, 73 N. E. 1111 (where veteran after twenty years service must be retired on pension on application, his retirement is accomplished by the application).

368. Decatur v. Paulding (1840), 14 Pet. 497; U. S. v. Black (1888), 128 U. S. 40; Miller v. Raum (1890), 18 D. of C. (7 Mackey), 556; Lochren v. Long (1895), 6 App. D. of C. 486; Karb v. State (1896), 54 Ohio St. 383, 43 N. E. 920; Board v. McCrory (1909), 132 Ky. 89, 116 S. W. 326 (semble). And see Vannatta v. Smith (1897), 61 N. J. L. 188, 38 A. 811.

369. Calder v. Chicago (1913), 176 Ill. App. 313 (it seems that making board's decision final prevents mandamus to grant pension); Wilke v. Wilson (1913), 176 Ill. App. 319 (same point); People v. Martin (1892), 131 N. Y. 196, 30 N. E. 60 (board to have discretion); People v. Martin (1895), 145 N. Y. 253, 39 N. E. 960 (board to act "by a majority vote"); State v. Board (1906), 117 La. 1071, 42 So. 506 (board's decision "final and not subject to review." Mandamus will not lie for plain error of law); State v. Verner (1889), 30 So. Car. 277, 9 S. E. 113 (soldier's widow entitled to pension on board's approval of application); Cooper v. Queen (1880), 14 Ch. Div. 311 ("no person shall have an absolute right to pension." Malins, V. C., said: "As I read the acts of Parliament, it is a right which can never be enforced in the civil tribunals of this country. * * * The Crown in fact says 'This is what we intend to give you, but as a matter of bounty only; you shall have no legal right whatever.'"); Yorke v. Rex (1915), 1 K. B. 852 (no increase of pension where commissioner's decision is final as to amount, though decision erroneous).

370. Calder v. Chicago (1913), 176 Ill. App. 313; Wilke v. Wilson (1913), 176 Ill. App. 319.

371. People v. Board (1901), 95 Ill. App. 300 (when pension is to fireman "found on examination ordered by the board to be disabled so as to render his retirement necessary," the board is final judge of the necessity of retirement); Benner v. Chicago (1913), 176 Ill. App. 317; People v. McCrory (1909), 132 Ky. 89, 116 S. W. 326; Stevens v. Minneapolis etc. Ass. (1914), 124 Minn. 381, 145 N. W. 35; Smith v. The Crown (Western Australia, 1914), 17 Commonwealth L. R. 356 (where Governor's decision is made final it binds though unsupported by the evidence).

This doctrine may result in the denial of a pension to one who has fulfilled the conditions which entitle him to apply for it, but this is because it is considered that the legislature has seen fit to entrust the decision to the pension board. It is not infrequently the case that administrative action which adversely affects important interests may be valid and final though based on mistake.[372] And it is to be observed that on a similar principle, the decision of a court, though wrong, is valid, if within its authority, and hence may have the effect of nullifying an authorized act of a pension board. Thus as a court may under some circumstances mandamus a board to place an applicant upon the pension rolls, it has authority, upon a petition for mandamus, to determine whether the case is a proper one for the writ to issue, and if it decides, though wrongly, to issue the writ, the writ is valid and must be obeyed; and unless and until the decision is reversed, it constitutes an adjudication that the petitioner is entitled to a pension, which is conclusive against all the world.[373]

To what extent the right to a pension is dependent upon favorable action by the board is a question the answer to which may vary with the language of the particular pension law.[374] There may be a statute of intermediate character which, without giving an absolute right to favorable action by the board, does nevertheless impose on the board a duty beyond that of awarding such pensions as upon their view of the *law* and the facts they believe to be due. The intent may be to impose a duty to grant the pension if, on the *facts* as the board considers them to be, the conditions for pension are fulfilled. Such a statute virtually says to the board: "If these facts are true and you are satisfied of it, place the applicant upon the rolls." Then the board is subject to mandamus if it admits the facts and refuses the pension because it misconstrues the law. This would seem to be the case with those police pension laws that provide that on death in service leaving a widow, the board "on satisfactory proof of such facts" shall pension the widow.[375] Perhaps this is also the case though the law provides that the board's decision shall be conclusive and not subject

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372. Aurora v. Schoeberlein (1907), 230 Ill. 496 (when police board is authorized to remove officer if charges are proved to its satisfaction, a court can give no remedy though the board is mistaken); U. S. v. Ju Toy (1905), 198 U. S. 253 (where an official is authorized to deport a person of Chinese race attempting to enter the United States, if he decides him to be an alien, a court cannot prevent deportation, though he is a native citizen).

373 O'Connor v. Board of Trustees (1910), 247 Ill. 54.

374. Stiles v. Board (1917), 281 Ill. 636.

375. See People v. Armstrong (1915), 196 Ill. App. 199.

to review.[376] It has been held that in spite of these words service pensions to firemen who admittedly have not served for the required period are invalid.[377]

As was said above, the question in all these cases is whether the board has acted within its authority. If the law does not require it to grant a pension, a court cannot compel it to do so. If the law does require the grant, a court will enforce the requirement. The question is the same where a pension has been awarded and its validity is in issue. If the award was authorized the pension is valid, though awarded by mistake. But it will be invalid if the existing facts did not give authority to make the award, or if the award was made in an unauthorized mode. So where children of a deceased pensioner were entitled to a grant of the arrears of his pension, and the Secretary of War awarded the arrears to one of the children only, it was held that, as the Secretary had authority to make an award, the grant was binding, and that another child could not sue the first for a share of the money.[378] So, too, where pensions are provided for widows of policemen who die of disease contracted in performance of duty, a board has authority when a policeman dies of disease to decide whether it was contracted in performance of duty, and, if it so decides in good faith and upon evidence, to grant a pension. No court, therefore, can set aside the grant though it was wrong.[379] But it would seem that it is only in case of a policeman that the board could grant a pension, and, if so, a grant made to the widow of a person mistakenly supposed to have been a policeman would be unauthorized and void. A question might be raised whether the authority was also conditioned on the policeman's being really dead, on the woman being in fact his widow, and on his death being from disease. An award made to a person not of the class entitled to pension is invalid, even though the board's decision is made conclusive and not subject to review, for the provision applies only to cases in which the board has authority to act.[380]

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376. See dissenting opinion in State v. Board (1906), 117 La. 1071, 42 So. 506; and cases in note 391, post.

377. O'Connor v. Trustees Firemen's Pension Fund (1910), 155 Ill. App. 460.

378. Stokely v. De Camp (Pa. Sup. Ct. 1849), 2 Grant's Cas. 17.

379. State v. Board (1908), 138 Wis. 133, 119 N. W. 806, 20 L. R. A. (N. S.), 1175; Smith v. The Crown (Western Australia, 1914), 17 Commonwealth L. R. 356; U. S. v. Lalone (1890), 44 Fed. 475, semble; The King v. Local Govt. Board (1910), 2 Irish Rep. 440, 451, 452, 456, semble.

380. O'Connor v. Trustees Firemen's Pension Fund (1910), 155 Ill. App. 460 (pension under act of 1887 to fireman known to have served less than twenty-two years, and, if disabled, to have retired before pension granted).

To have a right to a pension is not equivalent to having a pension. It will not support an action as for pension money due. A law which establishes a pension fund and a board to administer it will not ordinarily be construed as conferring on the beneficiaries more than a right to have pensions granted by the board, because if there could be claims against the fund except for pensions awarded its condition at a given time could less surely be ascertained, and pensions awarded would be less secure.[381] But if the statute intends to confer a right to pension money, action for money due will lie.[382]

Pension laws often speak of trustees and beneficiaries of the fund; but though there may be a fiduciary relation, there is strictly no trust relation. A right to be awarded a pension is a legal right only, and will be barred by the provisions of the statutes of limitations applicable to the legal remedies by which it is attempted to enforce the right.[383]

The authority of pension boards to revoke or discontinue pensions has been already discussed.[384] When a pensioner is dropped from the rolls without authority, mandamus lies to compel his restoration,[385] or certiorari may be a proper remedy to review and quash the order dropping him.[386]

c. Compulsory Retirement on Pension

Statutes in New York authorize fire and police commissioners compulsorily to retire on pension members of their departments who are superannuated[387] or disabled. Here, too, the validity of the order

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381. Ramsey v. Hayes (1907), 187 N. Y. 367, 80 N. E. 193, reversing 112 App. Div. 442, 98 N. Y. Supp. 394 (where pension is to be for half salary if the fund will warrant, and a smaller pension is awarded, the remedy is by mandamus to increase the award, not by action for the difference); Stokely v. De Camp (1849), 2 Grant's Cas. (Pa. Sup. Ct), 17; Edmunds v. Atty. Gen. (1878), 47 Law Journal (N. S.), Eq. 345, 38 Law Times 213, 26 Weekly Rep. 550.

382. Moore v. Board (1907), 121 App. Div. 862, 106 N. Y. Supp. 983, affirmed in 195 N. Y. 614, 89 N. E. 1105 (where pension is to be half salary and a smaller pension is awarded, action lies for the balance of an installment due); De La Ronde v. Ottawa Police Ass. (Ontario, 1912), 3 Dom. L. R. 328, 6 Dom. L. R. 850 (police relief ass.); and see People v. Greene (1905), 181 N. Y. 308, 73 N. E. 1111.

383. Nichols v. Board (1905), 1 Cal. App. 494, 82 P. 557; State v. Holmes (1915), 23 Ohio Cir. Ct. Rep. (N. S.), 133; Lund v. Minneapolis etc. Ass. (1917), 137 Minn. 395, 163 N. W. 742.

384. See Section VII. f. Fraud, mistake and change of circumstances.

385. Eddy v. People (1905), 218 Ill. 611, affirming 120 Ill. App. 626; Rudolph v. U. S. (1913), 41 App. D. of C. 29; Tyson v. Board (1910), 139 Ky. 256, 129 S. W. 820; Board of Police Com'rs. v. McClenehan (1917), — Md. —, 101 A. 786; Queen v. Lord Leigh (1897), 1 Q. B. 132.

386. Dickey v. Jackson (1917), — Iowa —, 165 N. W. 387; The King v. Local Govt. Board (1910), 2 Irish Rep. 440; The King v. Local Govt. Board (1911), 2 Irish Rep. 331.

387. The police board may retire on pension a policeman sixty years old. People v. Bingham (1910), 198 N. Y. 274, 91 N. E. 530, reversing 135 App. Div. 813, 120 N. Y. Supp. 186.

depends upon whether the commissioner was acting within his authority. Where his authority is to act on his determination of a fact, the act is valid though the determination is wrong.[388] But where his authority depends on the existence of the fact, action based on a wrong determination is invalid. Thus authority to dismiss and pension disabled policemen is not authority to dismiss a policeman who is certified by examining surgeons to be disabled and is believed to be so, and if he is not disabled he may have mandamus for reinstatement.[389] But a provision that the commissioner shall retire a policeman on pension upon a surgeon's certificate showing that he is disabled authorizes and it seems requires a compulsory retirement if the certificate is made in good faith, though untrue.[390] Yet where a proviso in the firemen's act adds that if a person so certified is fit for inactive duty he shall be given employment, he is held to be entitled to employment, if actually fit, though the commissioner thinks otherwise, and though a clause provides that in every case the commissioner is to determine the circumstances.[391] Though the commissioner is to determine the circumstances, his authority is conditioned on a real determination, and an order of retirement made purely to get rid of the member is void; and if he acts on the report of surgeons who had made no examination, the order is not binding.[392] Where power is given to retire a disabled policeman on pension, and a certificate of disability is a condition of power to pension, it seems it is also a condition of the power to compel retirement.[393] Where retirement for permanent disability is to be based on the examiner's report, an order of retirement is void if neither it nor the report states or conclusively shows that the disability is permanent.[394]

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388. Matter of Reynolds v. Bingham (1908), 126 App. Div. 289, 110 N. Y. Supp. 520.

389. Hodgins v. Bingham (1909), 196 N. Y. 123, 89 N. E. 423, reversing 128 App. Div. 151, 112 N. Y. Supp. 543.

390. People v. Bingham (1908), 125 App. Div. 722, 110 N. Y. Supp. 136, affirmed 193 N. Y. 610, 86 N. E. 1131; People v. Bingham (1910), 121 N. Y. Supp. 273, 66 Misc. Rep. 219, affirmed 137 App. Div. 901, 122 N. Y. Supp. 1141.

391. People v. Hayes (1910), 122 N. Y. Supp. 104, 66 Misc. Rep. 531; People v. Sturgis (1903), 85 App. Div. 20, 82 N. Y. Supp. 953, affirmed 176 N. Y. 563, 68 N. E. 1123 (at least where commissioner acted without notice to fireman and on insufficient evidence). An order of retirement that does not show facts which negative the right to inactive employment is void. People v. Adamson (1916), 173 App. Div. 773, 159 N. Y. Supp. 1021.

392. People v. Scannell (1901), 70 N. Y. Supp. 1042, 34 Misc. Rep. 709.

393. Hodgins v. Bingham (1908), 128 App. Div. 151, 112 N. Y. Supp. 543.

394. People v. Bryant (1898), 28 App. Div. 480, 51 N. Y. Supp. 119.

A compulsory retirement on pension for disability is not a removal within a statute which protects army veterans from removal,[395] or within the civil service law.[396]

Though mandamus lies for reinstatement where relator has been retired without authority, he must not sleep upon his rights, and if he waits without excuse for two years, and in the meantime he has accepted pension money or his office has been filled, the court may deny relief.[397]

395. People v. Scannell (1900), 164 N. Y. 572, 58 N. E. 1091, affirming, on opinion below; 53 App. Div. 161, 65 N. Y. Supp. 832.

396. People v. Bryant (1898), 28 App. Div. 480, 51 N. Y. Supp. 119, semble. Compare People v. Board (1903), 79 N. Y. 710, reversed on another point in 174 N. Y 450.

397. People v. Bryant (1898), 28 App. Div. 480, 51 N. Y. Supp. 119.

NOTE

The following cases from the British overseas Dominions turn on provisions of pension laws so dissimilar to those of the United States that they have little or no application to our pension systems. Cases of more immediate application are referred to in the body of the chapter.

Privy Council Cases

Giddy v. Williams (1911), A. C. 381, 11 S. R. 181.

Main v. Stark ( ), 15 A. C. 384, affirming 14 Vic. L. R. 98.

Smythe v. Regina (1898), A. C. 782, 23 Vic. L. R. 383, 19 Aust. L. T. 118, 3 Aust. L. R. 253.

Walker v. Simpson (1903), A. C. 208.

Williams v. Curator (1909), A. C. 353, reversing on different ground 4 Com. L. R. 694.

Williams v. Macharg (1910), A. C. 476, affirming 7 Com. L. R. 213, 9 S. R. 116, which affirmed Macharg v. Williams (1907), 7 S. R. 792, but disapproving the ground of decision in Hales v. Milliard (1905), 5 S. R. 166.

Australian Cases

Bale v. Miller, 4 S. R. 652, 21 W. N. 250.

Bristow v. Queen (Vic. 1895), 16 A. L. T. 147.

Casey v. The King (1913), 16 Com. L. R. 92, 19 A. L. R. 64, (1913), V. L. R. 34, affirming (1913) V. L. R. 34, 34 A. L. T. 120.

Cheek v. State Fund Board (1913), 8 Tasmania L. R. 63.

Clarke v. Queen (1897 Vic.), 18 A. L. T. 244, 3 A. L. R. (C. N.) 18.

Dettman v. Williams (1906), 3 Com. L. R. 43, 12 A. L. R. 60, affirming (1905) 5 S. R. 265, 22 W. N. 81.

Fullarton v. Queen, 9 Vic. L. R. 181, 5 A. L. T. 64.

Glen v. Williams (1912), 12 S. R. 504, 29 W. N. 130.

Hales v. Miller, 5 S. R. 163, 22 W. N. 46.

Hendy Pooley v. Commonwealth (1912), 13 Com. L. R. 609.

Josephson v. Young (1901), 21 N. So. W. L. R. 188, 17 W. N. 12.

Manton v. Williams, 4 Com. L. R. 1046, 7 S. R. 236, 24 W. N. 45.

Markham v. Williams (1914), 17 Com. L. R. 418, 14 S. R. 178, 31 W. N. 4, affirming 13 S. R. 1, 30 W. N. 8.

Matson v. Queen, 2 Vic. L. R. 233, 3 A. J. R. 27.

Miller v. Stephen (1914), 17 Com. L. R. 397, 14 S. R. 181, 31 W. N. 4, reversing 13 S. R. 44, 30 W. N. 31, 12 S. R. 235, 29 W. N. 61.

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Waller v. Natal Govt. (1906), 27 Natal Law Rep. 188.

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CHAPTER XVII

DIGEST OF ILLINOIS PENSION LAWS ENACTED IN 1917

With Comparative Notes Concerning Laws Previously in Effect

FIREMEN'S PENSION FUND—CHICAGO

Act Filed June 14, 1917, in Force July 1, 1917. Laws of Ill. p. 260—Hurd R. S. 1917, Ch. 24, Secs. 417-419K

Title

"An Act to provide for a firemen's pension fund and to create a board of trustees to administer said fund in cities having a population exceeding 200,000 inhabitants."

Beneficiaries

Firemen employed in paid fire departments in cities of more than 200,000 inhabitants and the widows, children, and dependent parents of such firemen.

The term "firemen" includes all persons appointed to any position classified as in the *fire service* in cities which have adopted the Civil Service Act of March 20, 1895, all persons appointed to any position in the *fire department* in cities which have not adopted said Civil Service Act, and all persons who were contributing to the firemen's pension fund in existence at the time this Act became effective. (Sec. 13.)

Retired firemen and widows, children, and dependent parents of deceased firemen who were entitled to pensions under any other firemen's pension law in force at the time this Act became effective, are entitled to benefit under this Act. (Sec. 14.)

Any fireman who shall have served five years and been a member of this pension fund a like period shall not be removed from it in case of involuntary transfer to another department of the same city; provided he shall continue to contribute to this fund as before such transfer. (Sec. 13.)

NOTE: Matter in foregoing paragraph was not in law in effect in 1916.

Participation is compulsory. (Sec. 2, a.)

Management

Board of eight trustees composed of the city treasurer, city clerk, marshal or chief officer of the fire department, comptroller or chief officer of the finance

department, ex officio; three active firemen elected by the active firemen, and one retired fireman elected by the retired firemen—each for terms of two years. (Sec. 3.)

City clerk is secretary of the board. (Sec. 3.)

Expense of administration is borne by the fund. (Sec. 5.)

City treasurer is custodian. (Sec. 6.)

Revenue from Employes

Two and one-half per cent of salaries from those in active service. (Sec. 1, a.)

A sum equal to 5% of salary at date of retirement from firemen who retire after service of 20 years before attaining age of 50 years. (Sec. 1, b.)

NOTE: In 1916, 1% of salary. The 5% provision was not in effect.

Revenue from Other Sources

A tax of 5/10 of a mill on each dollar of taxable property in such city. (Sec. 2.)

NOTE: Tax in 1916 was 3/10 of a mill for a period of three years beginning in 1915.

All fines and penalties imposed upon firemen for violating rules of the fire department. (Sec. 2, c.)

All rewards, fees, gifts, etc., to members of the fire department, except when retention is allowed by competitive award. (Sec. 2, d.)

All moneys or property acquired from any source by the Board of Trustees. (Sec. 2, f.)

The city may (has power to) appropriate all of the tax or license fees collected from foreign fire insurance companies to this fund. (Act which became a law May 31, 1895, in force July 1, 1895, as subsequently amended. Laws of Ill. 1915, p. 284. Hurd R. S. 1917, Ch. 24, Sec. 420.)

Limitation of Payments by Employes

Deductions from salaries from date of entrance into service to date of retirement upon pension, or death.

Contributions from date of retirement until attainment of age of 50 years if retired before that age for any cause other than disability.

NOTE: Latter requirement not in effect in 1916.

Refunds

No provision.

Conditions for Pensions to Employes

For Service Pension: Minimum term of service 20 years, the last 5 years of which must be continuous and attainment of 50 or more years of age. Firemen who serve 20 or more years, the last 5 years being continuous, and who then are less than 50 years of age, may retire, and thereafter contribute a sum equal to 5% of salary received at date of retirement until attainment of age of 50 years and receive pensions thereafter. (Sec. 8.)

NOTE: In 1916 pensions were granted at any age after service for 20 years, the last 2 years of which were continuous.

Firemen who may be discharged after service of 20 years, the last 5 years being continuous, shall be entitled to pensions in accordance with the provisions stated above. (Sec. 8.)

For Disability Pension: At any time while in active service or on leave of absence when so mentally or physically disabled as to render retirement necessary. (Sec. 9.)

Disability pensioners shall be examined at least once each year by physicians selected by the Board of Trustees. (Sec. 5, E.)

NOTE: Not in law in effect in 1916.

Amount of Pension to Employes

One-half of salary at date of retirement but not less than $600 nor more than $3,000 a year. (Secs. 8 and 9.)

NOTE: In 1916, one-half salary without limitation.

Pensions Reduced by Workmen's Compensation

If any fireman receives any sum or sums of money under the "Workmen's Compensation Act," his pension shall be reduced by said sum or sums. (Sec. 9.)

NOTE: Not in law in effect in 1916.

Provisions for Discontinuance of Employes Pensions

When disability ceases, pension payments are discontinued and fireman is restored to former rank in the department. (Sec. 9.)

Conditions for Pensions to Dependents

If a fireman dies from any cause while in service, or during retirement on account of disability, or after 20 or more years of service, pensions shall be paid to the following: (Sec. 10.)

Widow who shall have married such fireman before his retirement upon pension. This restriction as to time of marriage applies only to widow who married since June 30, 1915. (Sec. 10, a.)

Natural children under 18 years of age. (Sec. 10, b.)

NOTE: In 1916 children were pensioned only to the age of 16 years.

Father and mother of such firemen if he was their sole and only support and no widow or natural children under age of 18 years survive him. (Sec. 10, c.)

Amounts of Pensions to Dependents

Widow—$45.00 a month (Sec. 10, a.)

Children—$10.00 a month if mother is alive (Sec. 10, a.)

Children—$15.00 a month if mother is dead (Sec. 10, b.)

Parents—$25.00 a month to each (Sec. 10, c.)

If any child over 14 years of age does not attend school, the pension of such child shall be reduced $5.00 per month. (Sec. 10, b.)

NOTE: In 1916, children whose mothers were alive received $8.00 per month. There was no provision for reduction if children failed to attend school.

Provisions for Discontinuance of Dependents' Pensions

Widows' pensions terminate upon marriage. (Sec. 10, a.)

Children's pensions terminate upon attainment of 18 years of age. (Sec. 10, b.)

Fund Insufficient; Pensions Reduced Pro Rata

If there is not enough money in the fund to pay all pensions in full, they shall be reduced pro-rata until the fund is replenished. (Sec. 11.)

Reserve Fund and Investments

The Board of Trustees has power to establish and maintain a fund in reserve and to invest all or part of it in bonds of the United States, the State of Illinois, or any county or municipal corporation in Illinois. (Sec. 5, d.)

NOTE: In 1916 there was no provision for a reserve fund, nor concerning character of investments. This Act does not define the term "reserve" fund.

Reports Concerning Fund and Tax Therefor

The Board of Trustees shall report to the City Council on or before the first Monday in September of each year the amount of taxes necessary for the following fiscal year.

They must also report at least once each year to the State Superintendent of Insurance such matter concerning the fund as he shall prescribe and the State Superintendent of Insurance shall report the information so received to the Governor. (Sec. 3.)

NOTE: Not in law in 1916.

Pensions Exempt from Seizure

Pensions shall not be subject to attachment, seizure, etc., under any legal process. (Sec. 12.)

FIREMEN'S PENSION FUND—CITIES, VILLAGES AND TOWNS OF 5,000 TO 200,000

Act Filed June 28, 1917, in Force July 1, 1917. Laws of Illinois, 1917, p. 231—Hurd R. S. 1917, Ch. 24, Secs. 403-415

Title

"An Act to revise the law creating a firemen's pension fund in cities, villages, and incorporated towns of not less than 5,000 and not more than 200,000 inhabitants."

Beneficiaries

Firemen employed in paid fire departments in cities, villages, and incorporated towns of more than 5,000 and not in excess of 200,000 inhabitants, and their widows, children, and dependent parents.

The term "firemen" includes all persons appointed to any position classified as in the *fire service,* in cities, villages, or incorporated towns which have adopted the Civil Service Act of March 20, 1895; all persons appointed to any position in the *fire department* in cities, villages, or incorporated towns which have not adopted said Civil Service Act; all persons who, on July 1, 1917, were entitled to the benefits of the Firemen's Pension Fund Act, approved May 13, 1887, in force July 1, 1887, which applies to cities, villages, or incorporated towns whose population exceeds 50,000 inhabitants. (Sec. 1.) Participation is compulsory. (Sec. 3.)

Management

Board of eight trustees: In cities, villages, or incorporated towns where there are such officers, the treasurer, clerk, marshal or chief officer of fire department, and comptroller are ex officio members. Where there is no comptroller, the mayor of the city is substituted. In other villages or incorporated towns, the president of the board of trustees of such village or town, the clerk and attorney of such village or town, and chief officer of fire department are ex officio members. (Sec. 2.)

In all cities, villages and towns, three of the active firemen, elected by the active force, and one from the pensioners elected by retired firemen, each for a term of 2 years. (Sec. 2.)

Expense of administration to be paid from fund. (Sec. 3.)

Treasurer of city, village, or town is custodian of this fund. (Sec. 3.)

Revenue from Employes

Not to exceed 1% of salary, deducted monthly. (Sec. 3.)

Revenue from Other Sources

1. A tax of 3/10 of a mill on each dollar of taxable property in such cities, villages, or towns, levied in 1917 and for a period of two years thereafter. (Sec. 1.)

Modification: Tax levy may be dispensed with if sum in fund over and above the "reserve" fund is sufficient to meet all demands of those requiring payment from the fund. (Sec. 1.)

NOTE: Law in 1916 provided 3/10 mill tax should be levied in 1915, 1916, and 1917 only. This Act extends the period two years. The above modification did not appear in law in effect in 1916.

2. One per cent of all license moneys except those from public utilities. (Sec. 1.)
3. All fines collected for violation of the fire ordinances, enforcement of which are under the supervision of the fire department.
4. Amounts received by members of the department as rewards, gifts, etc., except when allowed to be retained by competitive award. (Sec. 4.)
5. Gifts, grants, bequests, etc., to the board of trustees for the benefit of the fund. (Sec. 4.)
6. Fines and penalties imposed upon firemen. (Sec. 4.)
7. Merger of funds:

   All assets of the Firemen's Pension Fund in existence at the time of the passage of this Act. (Sec. 4.)

   "Permanent fund":

   When $15,000 have been received and accumulated in cities, villages, or towns of from 5,000 to 25,000 inhabitants, and $25,000 have been received and accumulated in cities, villages, or towns of from 25,000 to 200,000 inhabitants, such sums shall be retained as permanent funds and any sum in excess thereof shall be available for the uses and purposes of the pension fund. (Sec. 4.)

   NOTE: Evidently the adjectives "reserve" in Section 1, and "permanent" in Section 4, apply to the same fund.
8. The city, village, or town may (has power to) appropriate all of the tax or license fees collected from foreign fire insurance companies, to this fund. (Act approved June 29, 1915, in force July 1, 1915. Laws of Illinois, 1915, p. 284.)

Limitation of Payments by Employes

Deductions from salaries from date of entrance into service to date of retirement upon pension, or death. (Sec. 3.)

Refunds

No Provision.

Conditions for Pensions to Employes

For Service Pension: Minimum term of service 20 years, the last 2 years of which must be continuous. After such term of service, may retire upon pension, or if discharged shall be pensioned. (Sec. 7.) Same as in 1916.

Age: No requirement.

For Disability Pension: If *permanently,* mentally, or physically disabled *by reason of service.* (Sec. 5.)

NOTE: Provision in 1916: "If so disabled as to render retirement necessary" without reference to cause or duration of disability.

Amount of Pensions to Employes

Sum equal to one-half salary at date of retirement, payable monthly. (Sections 5 and 7.)

Provision for Discontinuance of Employes' Pensions

When disability ceases, pension payments are discontinued and fireman is inhabitants," approved June 29, 1915, in force July 1, 1915.

Condition for Pension to Dependents

If any fireman dies as the result of injuries received "while in such service" or of disease contracted by reason of occupation as fireman, or of any cause while in service after 20 years of service, or during retirement after 20 years of service, pensions shall be paid to the following: Widow who shall have married such fireman before his retirement upon pension; the natural children of such fireman under 16 years of age, born of a wife married before retirement upon pension; father and mother of such fireman if he was their sole and only support and no widow or natural children survive him. (Sec. 6).

NOTE: Law in 1916: If fireman died from any cause while in active service pensions were allowed.

Amount of Pensions to Dependents

Widow—$45.00 per month.

Children—$8.00 per month if mothers are alive.

Children—$15.00 per month if mothers are dead.

Parents—$25.00 per month to each. (Sec. 6.)

The total pension to dependents of a deceased fireman shall not exceed 50% of the salary he received. (Sec. 6.)

NOTE: In 1916 the law did not contain the limitation stated above.

Provision for Discontinuance of Dependents' Pensions

Widows' pensions terminate upon marriage. Children's pensions terminate upon attainment of 16 years of age. (Sec. 6.)

Fund Insufficient; Pensions Reduced Pro Rata

If there is not enough money in the fund to pay all pensions in full, they shall be reduced pro rata until the fund is replenished. (Sec. 6.)

Payment of Expense of Burial

If a fireman dies and no beneficiary within the terms of this Act exists, the Board of Trustees shall pay $200.00 for the burial of such fireman. (Sec. 7.)

NOTE: Not in law in effect in 1916.

Investments

Treasurer may not make loans or deposits unless authorized by Board of Trustees. No provision concerning character of investments. (Sec. 11.)

Reports Concerning Fund and Tax Therefor

On the first Monday in November of each year the Board of Trustees shall report the condition of the fund and the amount of the tax which must be levied for the following year to the council of such city, village, or town. (Sec. 12.)

Emergency Duty by Retired Employe

Board of Trustees may assign firemen retired on account of age and service to performance of light duties in the fire department upon recommendation by the chief officer thereof. (Sec. 7.)

Pension Exempt from Seizure

Pensions are exempt from attachment, seizure, etc., under legal process. (Sec. 13.)

POLICEMEN'S PENSION FUND—CHICAGO

Act Filed June 14, 1917, in Force July 1, 1917. Laws of Ill. 1917, p. 274—Hurd R. S. 1917, Ch. 24, Secs. 402n-402z

Title

An Act to amend sections 3, 4, 5, 6, 7, and 9 of an "Act to provide for * * * a Police Pension Fund in cities having a population exceeding 200,000 inhabitants," approved June 29, 1915, in force July 1, 1915.

Beneficiaries

Policemen in the service of cities of more than 200,000 inhabitants, and the wives, widows, and children of such policemen. (Secs. 3, 4, and 5.)

The word "policeman" includes any person (member of the police department) appointed and sworn, or designated by law as a policeman, and who is serving or has served as a policeman, police patrol driver, police operator, police dog catcher, or police kennelman. (Sec. 7.)

Participation is compulsory.

NOTE: In 1916 dog catchers and kennelmen were not included as policemen.

Management

Same as in 1916. (I. P. L. C. Report 1916, p. 242.)

Revenue from Employes

Two and one-half per cent of salary deducted monthly. (Sec. 9.)

Five per cent of final salary from date of retirement until attainment of age of 50 years from policemen who retire before attaining that age. (Sec. 3.)

NOTE: In 1916 2% of salary was deducted during active service. Provision for 5% not in effect.

Revenue from Other Sources

A tax not in excess of 9/10 of a mill on each dollar of taxable property in such city. (Sec. 9.)

In the event of failure to levy such tax, a sum sufficient for the requirements of this fund shall be appropriated from moneys collected for licenses issued for any business or profession except public utilities. (Sec. 9.) If necessary, tax anticipation warrants may be issued against the tax of any current years. (Sec. 9.) All property and assets of the Police Pension Fund superseded by this one. (Sec. 9.)

NOTE: Rewards, gifts, etc., fines imposed upon policemen for violation of rules, and receipts for special details are also included as revenue for this fund under Section 10 of the original pension Act. In 1916 the tax levy was limited to 7/10 of a mill for a period of three years beginning in 1915.

Limitations of Payments by Employes

Deductions from date of entrance into service until date of retirement on pension or death. In case of retirement after 20 years of service while less than 50 years of age, for cause other than disability, the policemen so retiring must contribute until attainment of that age. (Sec. 3.)

NOTE: In 1916 the latter provision was not in effect.

Refunds

No provision.

Conditions for Pensions to Employes

For Service Pension: Minimum term of service 20 years and attainment of 50 or more years of age. (Sec. 3.)

Application for pension must be filed within one year from date of retirement. (Sec. 6.)

For Disability Pension: At any time if physically disabled while in, and in consequence of, the performance of police duty. (Sec. 4.)

Certificate of disability sworn to by the applicant, the commanding officer of the department, and two practicing physicians of such city is required. (Sec. 4.)

Disability pensioners must submit to physical examinations upon order of the Board of Trustees. (Sec. 4.)

NOTE: In 1916 service pensions were granted after 20 years of service without regard to age.
The clause limiting time for filing applications for pensions was not in the law.

Amount of Pension to Employes

For service pension, amount equal to one-half salary of rank held for one year prior to retirement, and for disability pension, amount equal to one-half salary of rank held at time disability occurs; provided, the minimum shall not be less than $600 per year and other annual pensions shall not be in excess of $1300 for the General Superintendent of Police, $1150 for the First Deputy Superintendent of Police, $1100 for Captains, $1000 for Lieutenants, and $900 for all other Policemen. (Sec. 3.)

Policemen retired before July 1, 1917, with rank of Captain or rank superior thereto, shall receive pensions of $1000 a year. (Sec. 3.)

NOTE: In 1916 pensions were one-half salary but not less than $600 nor more than $900 a year.

Pensions Reduced by Workmen's Compensation

If any policeman receives any moneys under the "Workmen's Compensation Act," his pension shall be reduced by amounts equal to the sum or sums so received. (Sec. 6.)

NOTE: Not in law in 1916.

Provisions for Discontinuance of Employes' Pensions

Same as in 1916—I. P. L. C. Report, 1916, p. 244.

Conditions for Pensions to Dependents

If any policeman dies from any cause while in active service or after retirement, pensions shall be paid to the widow and natural children under 18 years of age of such policeman. (Secs. 3, 4, and 5.); provided, that the widow of a service pensioner must have married the deceased husband more than one year prior to his retirement upon pension, (Sec. 3), and the widow of a policeman who dies of causes other than performance of duty must have married such policeman more than two months prior to his death to be eligible for pension. (Sec. 5.)

If any policeman in active service shall be legally adjudged insane, pensions shall be paid to his wife,—married more than two months before he was adjudged insane—and natural children under the age of 18 years. (Sec. 5.)

Certificates of attendance at school from the person in charge of such school shall be filed with the Clerk of the Board of Trustees at least once each six months concerning children over 14 years of age. (Sec. 6.)

Application for pension must be filed within one year from date of death of policeman. (Sec. 6.)

NOTE: In 1916: Pensions were paid to widows of service pensioners who married such pensioner six months before retirement; to widows or children of policemen who died of causes other than performance of duty only when such a policeman had completed ten years of service, and to the wife of a policeman who became insane only in case he had served ten years. Children received pensions only when no widow or wife survived and until 16 years of age.

There was no limitation of the time during which applications for pensions should be made.

Amounts of Pensions to Dependents

Widows of policemen retired after 20 or more years of service, $50.00 a month. (Sec. 3, B.)

Widows of policemen who die while in and in consequence of the performance of duty, $50.00 a month. (Sec. 5.)

Widows of policemen who die from causes other than performance of duty, —a sum monthly equal to $2.50 for each year of deceased husband's service; maximum $50.00. (Sec. 5.)

Wife of policeman adjudged insane,—a sum monthly equal to $2.50 for each year of husband's service; maximum $50.00. (Sec. 5.)

Children, if widow exists, $10.00 a month. (Secs. 3 and 5.)

Children, if no widow exists, $15.00 a month. (Secs. 3 and 5.)

When widow or wife exists, the pension of a child of a deceased or insane policeman who ceases to attend school after attaining an age of 14 years shall be reduced $5.00 per month. (Secs. 3 and 5.)

When no widow survives, the pension of a child over 14 years of age ceases when such child does not attend school. (Secs. 3 and 5.)

Pensions to all who were pensioners before this Act came into effect shall be not less than $600 a year. (Sec. 5.)

NOTE: In 1916: Pension equal to one-half the salary of the deceased policeman, (no minimum stated, maximum $900 a year), was paid to the family of each such policeman as follows:

1st —To his widow

2nd—If no widow survived him, the pension was divided equally among his children under 16 years of age, the pensions payable to the younger children increasing as the older ones attained that age. The same practice prevailed as to wives and children of insane policemen.

Dependents' Pensions Reduced by Workmen's Compensation

If any dependent of a policeman receives any moneys under the "Workmen's Compensation Act," the pension of such person shall be reduced by an amount equal to the sum or sums so received. (Sec. 6.)

NOTE: Not in law in 1916.

Provisions for Discontinuance of Dependents' Pensions

Widows' pensions terminate upon marriage. (Sec. 6.)

Children's pensions shall not be paid to those over 14 years old unless certificates of attendance at school are filed once in each six months. (Sec. 6.)

If any pensioner is convicted of a felony, or becomes an habitual drunkard, or a non-resident of the United States, the pension of such person terminates. (Sec. 6.)

Pensions granted on account of insanity terminate if the insane policeman leaves or is taken outside of Illinois. (Sec. 5.)

NOTE: In 1916 attendance at school was not required.

Reserve Fund and Other Amounts Necessary

The State Superintendent of Insurance shall determine and report to the Board of Trustees on or before November 1, of each year the amounts necessary:

1. To pay pensions granted under the Act superseded by this one.
2. To pay pensions to policemen, members of the force, before January 1, 1916, and their dependents.
3. To establish and maintain a "reserve fund" for payment of pensions to policemen who became or may become members of the force after January 1, 1916, and their dependents. (Sec. 9.)

NOTE: Not in law in 1916.

Investments

Same as in 1916—I. P. L. C. Report, 1916, p. 247.

Reports Concerning Fund

The Board of Trustees shall certify to the City Council on or before December 1 of each year, the assets in their custody, an estimate of receipts during the ensuing calendar year and the amount required during that year for payment of pensions and maintenance of the reserve fund. (Sec. 9.) The Board of Trustees shall also report such matter as he shall prescribe to the State Superintendent of Insurance at least once each year, and the said Superintendent of Insurance shall report concerning same to the Governor at least once each year. (Sec. 9.)

All Other Provisions

Same as in 1916—I. P. L. C. Report, 1916, pp. 242-247.

POLICEMEN'S PENSION FUND—CITIES, VILLAGES, AND TOWNS OF 100,000 TO 200,000 INHABITANTS

Act Approved April 29, 1887, in Force July 1, 1887, as Subsequently Amended—Hurd R. S. Ch. 24, Secs. 391-402

Title

"An Act to provide for the setting apart, formation, and disbursement of a police pension fund in cities, villages, and incorporated towns."

Beneficiaries

Policemen employed by cities, villages, and towns of more than 100,000 and not more than 200,000 inhabitants, and the wives, widows, and children of such policemen.

NOTE: Section 1 of this Act provides that it shall apply to cities, villages, and towns of 50,000 or more inhabitants, but a subsequent Act approved June 29, 1915, in force July 1, 1915, applies to cities of more than 200,000 inhabitants, and another approved June 14, 1909, in force July 1, 1909, as amended by an Act filed June 26, 1917, in force July 1, 1917, applies to all cities, villages, and incorporated towns of not less than 5000 and not more than 100,000 inhabitants, thus restricting the operation of this Act to cities, villages, and towns of the sizes stated. There are no cities of such sizes in this state at present.

All Other Provisions of This Act

See Illinois Pension Laws Commission Report, 1916, pp. 242-247.

POLICEMEN'S PENSION FUND—CITIES, VILLAGES, AND TOWNS OF 5000 TO 100,000

Act Filed June 26, 1917, in Force July 1, 1917—Laws of Ill. 1917, p. 282—Hurd R. S. Ch. 24, Secs. 402a-402m.

Title

"An Act to amend an Act to provide for the setting apart, formation and disbursement of a Police Pension Fund in cities, villages, and incorporated towns * * * of not less than 9000 and not more than 50,000 inhabitants * * * approved June 14, 1909, in force July 1, 1909, as subsequently amended, by amending the title and section one thereof."

Amendment of Title

Title amended so that this Act now applies to all cities, villages, and incorporated towns of not less than 5000 and not more than 100,000 inhabitants. (Sec. 2.)

Beneficiaries

Members of regularly constituted police forces in cities, villages, and incorporated towns of not less than 5000 and not more than 100,000 inhabitants, and the widows, children, and dependent parents of such members.

Participation is compulsory.

NOTE: In 1916, in cities, villages, or towns of not less than 50,000 nor more than 100,000 inhabitants, the wife, or if no wife existed, the children of any policeman who became insane after 10 years of service, were entitled to pension. The dependent parents of policemen in such cities were not entitled to pensions.

Management

Board of three trustees: Two residents of city, village or town, appointed by the mayor for terms of 2 years. (Terms alternate.) One, either of active force or a pensioner, elected by members of active force and pensioners for a term of 1 year. (Sec. 2.)

Treasurer of city, village or town is custodian of fund. (Sec. 11.)

NOTE: Present management is as in 1916 in cities, villages or towns of not more than 50,000 inhabitants.
In 1916 in cities, villages or towns of 50,000 to 100,000 inhabitants, the Boards of Trustees were composed of five members, 3 appointed by the mayor, an active policeman, and a pensioner. (I. P. L. C. Report 1916, p. 242.)

Revenue from Employes

One per cent of salary (not to exceed $1.00 per month) only in cities, villages, or towns which have adopted civil service in the police department. In other cities, villages, or towns no deductions from salaries. (Sec. 1.)

One per cent of pensions. (Sec. 1.)

NOTE: In 1916: Same as above in cities, villages or towns of 9000 to 50,000 inhabitants. One and one-half per cent of salaries not to exceed $3.00 per month and no deductions from pensions in cities, villages or towns with from 50,000 to 100,000 inhabitants.

Revenue from Other Sources

1. A tax of 3/10 of a mill on each dollar of taxable property in such city, village or town to be levied for a period of three years beginning in 1918. (Sec. 1.) (Note—Not in law in effect in 1916.)

2. Three-fourths of all moneys received for dog licenses. (Sec. 1.) (Note—In 1916; same as now in cities of 50,000 to 100,000. Not in effect in cities of less than 50,000.)

3. Two per cent of all moneys received for saloon and wholesale liquor licenses. (Sec. 1.) (Note—In 1916, 4% in cities of 50,000 to 100,000, 10% in cities of less than 50,000.)

4. Ten per cent of all revenues collected for licenses not hereinbefore mentioned. (Sec. 1.) (Note—In 1916, 3%, not to exceed $50,000 a year, in cities of 50,000 to 100,000; same as now in cities of less than 50,000.)

5. Ten per cent of all fines collected for violation of city ordinances. (Sec. 1.) (Note—In 1916, 50% of *costs* in cities of 50,000 to 100,000; same as now in cities of less than 50,000.)

6. All moneys received for special details of police officers. (Sec. 1.) (Note—In 1916, same as now in all cities.)

7. All moneys received from fines imposed upon members for violation of rules of the department. (Sec. 1.) (Note—In 1916, same as now in all cities.)

8. All rewards given or paid to members, except such as the Board of Trustees shall permit members to retain. This does not apply to cities, villages or towns which have not adopted civil service in the police department. (Sec. 1.) (Note—In 1916, no exception if department is not under civil service in cities of 50,000 to 100,000; same as now in cities of less than 50,000.)

9. All moneys accumulated under previous legislation for a policemen's pension fund, and one-half of all moneys accumulated for a policemen's and firemen's pension fund. (Sec. 1.) (Note—In 1916, not in effect in cities of 50,000 to 100,000; same as now in those of less than 50,000.)

Amounts of Pensions to Employes and Dependents

NOTE: In 1916 the maximum pension provided for in cities, villages, and towns of more than 9000 and not more than 50,000 inhabitants under the law then in effect, was $600 a year. This provision was not changed and under this Act, that maximum now applies to all cities of not less than 5000 nor more than 100,000 inhabitants. Error: The above mentioned maximum was erroneously stated to be $900 in I. P. L. C. Report of 1916.

In 1916 the pensions for policemen (their wives, widows or children) in cities, villages or towns of from 50,000 to 100,000 inhabitants were not less than $600 nor more than $900 a year. (I. P. L. C. Report 1916, pp. 244-245-246.)

Limitation of Annual Income of Fund

A sum in excess of $2500.00 shall not be collected for the fund in any year, and if the revenue available exceeds that figure, the amount to be appropriated from saloon license money shall be reduced. (Sec. 1.)

NOTE: In 1916 there was no limitation upon revenue for the funds in cities, villages or towns of not less than 50,000 nor more than 100,000 inhabitants.

All Other Provisions

Same as in Report of Illinois Pension Laws Commission of 1916 concerning "Act approved June 14, 1909, in force July 1, 1909, as subsequently amended," which, in 1916, applied to policemen in cities of not less than 9000 nor more than 50,000 inhabitants. (I. P. L. C. Report 1916, pp. 242-247.)

PARK POLICE PENSION FUND

Act Filed May 19, 1917, in Force July 1, 1917—Laws of Ill. 1917, p. 612—Hurd R. S. Ch. 105, Secs. 337-347

Title

"An Act to provide for the setting apart, formation, administration, and disbursement of a park police pension fund."

Beneficiaries

Policemen employed by Boards of Park Commissioners for any one or more towns of the State which exist under and in pursuance of any Act or Acts of the General Assembly, and the wives, widows, and children of such policemen. (Secs. 1, 3, 4, and 5.)

All persons entitled to benefits from pension funds existing at the date this Act became effective, under the park police pension fund Act approved May 23, 1913, in force July 1, 1913, become beneficiaries of this fund. (Sec. 11.)

Participation is compulsory.

Management

Board of five trustees, all of whom must be residents of the town or towns comprising park district: Three appointed by the president of the board of park commissioners for terms of 3 years (one appointed each year). One of the active force elected by the active force, and one retired policeman elected by retired policemen, widows of deceased pensioners and guardians of children of deceased pensioners who are pensioners, each for a term of 1 year. (Sec. 2.)

The board of trustees elects one of its members as secretary and treasurer, who is custodian of fund. (Sec. 7.)

Expense of administration to be borne by the fund. (Sec. 9.)

Revenue from Employes

Two and one-half per cent of salary deducted monthly. (Sec. 8.)

Five per cent of salary from date of retirement until attainment of age of 50 years from officers who retire before they reach that age. (Sec. 3.)

NOTE: In 1916 1½% of salary not to exceed $3.00 a month. Five per cent clause was not in effect.

Revenue from Other Sources

A tax upon all taxable property in such park districts sufficient, when added to revenue from all other sources, for the annual requirements of this Act.

The amount of such tax to be levied annually upon each dollar of taxable property in their respective districts by the following named park boards shall not exceed: South Park ½ of a mill, West Park 1/10 of a mill, Lincoln Park 1/17 of a mill. (Sec. 8.)

Should any board of park commissioners be without authority to levy taxes, the corporate authorities of any such town (meaning supervisor, clerk or assessor thereof) shall levy the tax required. (Sec. 8.)

All assets of the Pension Fund operating under the Act of May 23, 1913. (Sec. 8.)

All rewards, gifts, etc., given or paid to any members of the force except such as they may be permitted to retain or are in form of competitive award. (Sec. 9.)

Gifts, grants, bequests, etc., to the Board of Trustees for the fund. (Sec. 9.)

NOTE: In 1916 there was no tax levy. Fines and penalties assessed against persons arrested by park police were given to this fund; also fines imposed upon policemen for violations of rules of the departments.

Limitations of Payments by Employes

Deductions from salaries from date of entrance into service to date of pension or death. (Sec. 8.)

In case a policeman retires after 20 years of service while less than 50 years of age for cause other than disability, he must contribute until attainment of that age. (Sec. 3.)

NOTE: Latter provision was not in effect in 1916.

Refunds

No provision.

Conditions for Pensions to Employes

For Service Pension: Service of 20 years and attainment of 50 or more years of age. (Sec. 3.)

For Disability Pension: At any time if physically disabled while in, and in consequence of, the performance of duty. (Sec. 4.)

Certificate of disability sworn to by the applicant, the commanding officer of department, and two practicing physicians of a town comprised within the park district required. (Sec. 4.)

Disability pensioners must submit to physical examinations upon order of the Board of Trustees.

Applications for pensions must be filed within one year from date of retirement or death. (Sec. 6.)

NOTE: In 1916 service pensions were granted without regard to age. Time within which applications for pensions should be made was not limited.

Amount of Pension to Employes

For service pension, amount equal to one-half of salary of rank held for one year prior to retirement, and for disability pension, amount equal to one-half of salary of rank held at time disability occurs, neither to be less than $600 nor in excess of $1100 a year. (Secs. 3 and 4.)

NOTE: Maximum was $900 a year in 1916.

Pensions Reduced by Workmen's Compensation

If any policeman receives any money under the "Workmen's Compensation Act," his pension shall be reduced by an amount equal to the sum or sums so received. (Sec. 6.)

NOTE: Not in law in 1916.

Provisions for Discontinuance of Employes' Pensions

When disability ceases, pension terminates and policeman is restored to active service with rank formerly held. (Sec. 4.) Failure to submit to physical examinations or disobedience of orders of the Board of Trustees respecting

such examinations, conviction of felony, becoming an habitual drunkard, or becoming a non-resident of the United States. (Sec. 6.)

Conditions for Pensions to Dependents

If a policeman dies from any cause while in active service or after retirement, or if a policeman is adjudged to be insane, pensions shall be paid to the wife or widow, and to the natural children under 18 years of age of such policeman, (Secs. 3, 4, and 5); provided, that the widow of a policeman retired on account of age and service, must have married him at least one year before he became a pensioner, (Sec. 3), and the widow of a policeman who died from causes other than performance of duty, or the wife of a policeman adjudged insane, must have married such policeman more than two months prior to the date of such death or judgment of insanity. (Sec. 5.)

Application for pension must be filed within one year from date of death. (Sec. 6.)

NOTE: In 1916, widow who married a policeman retired on service pension, or a policeman who died after 10 years of service, or wife who married a policeman who became insane after 10 years of service, if such widow or wife married such policeman before the date of retirement, death, or judgment of insanity. Children under 16 years of age of any such policeman if no widow or wife existed or if any such widow married. If no widow or children under 16 years of age survived, father or mother received pension.

Amounts of Pensions to Dependents

Widows of policemen retired after 20 or more years of service—$50.00 per month. (Sec. 3, b.)

Widows of policemen whose deaths are the result of performance of duty —$50.00 per month. (Sec. 4.)

Widows of policemen whose deaths are the result of causes other than performance of duty, and wives of officers adjudged insane—A sum monthly equal to $2.50 for each year of deceased husband's service, maximum not to exceed $40.00. (Sec. 5.)

Children, if widow exists—$10.00 a month. (Sec. 3.)

Children, if no widow exists—$15.00 a month. (Sec. 3.)

When widow or wife exists, the pension of a child over 14 years of age, who ceases to attend school, is decreased $5.00 per month.

When widow or wife does not exist, the pension of a child over 14 years of age, who does not attend school, ceases. (Sec. 3.)

Pensions granted under the Act of May 23, 1913, shall not be affected or changed. (Sec. 11.)

NOTE: In 1916, if widow or wife existed, she received pension of one-half salary of deceased husband. If no widow or wife existed, one-half salary of deceased or insane father divided equally between all children under 16 years of age in each family. Benefits for wives, widows and children were not separated.

Dependents' Pensions Reduced by Workmen's Compensation

If any dependents of a policeman receive any money under the "Workmen's Compensation Act," their pensions shall be reduced by amounts equal to the sum or sums so received. (Sec. 6.)

NOTE: Not in law in 1916.

Conditions for Discontinuance of Dependents' Pensions

Widows' pensions terminate upon marriage. (Sec. 6.)

Pension granted on account of insanity terminates if the insane policeman is taken out of this state. (Sec. 5.)

Pensions shall not be paid to children over 14 years of age, unless certificates of attendance at school from the persons in charge of such schools are filed once in each six months. (Sec. 6.)

If any pensioner is convicted of felony, becomes an habitual drunkard or non-resident of the United States, the pension of such person terminates. (Sec. 6.)

NOTE: In 1916 attendance at school was not required.

Reserve Fund and Other Amounts Necessary

The State Superintendent of Insurance shall determine and report to the Board of Trustees on or before November 1 of each year, the amounts necessary:

1. To pay pensions granted under the Act superseded by this one.
2. To pay pensions to policemen, members of the force before January 1, 1916, and their dependents.
3. To establish and maintain a "reserve fund" for payment of pensions to policemen who became or may become members of the force after January 1, 1916, and their dependents. (Sec. 8.)

NOTE: Not in law in 1916.

Investments

Funds may be invested in bonds of the United States, the State of Illinois, or of any county, township or municipal corporation in this state. (Sec. 9.)

Reports Concerning Fund

The Board of Trustees shall certify to the board of park commissioners on or before July 10th of each year, the assets in their custody, estimates of receipts during the fiscal year from July 1st to June 30th, and the amount required during that period for payment of pensions and maintenance of the reserve fund. (Sec. 8.)

Board of Trustees shall also report to the State Superintendent of Insurance at least once each year such matter as he shall prescribe, and the said Superintendent of Insurance shall report concerning same to the Governor at least once each year. (Sec. 9.)

NOTE: Not in law in effect in 1916.

Pensions Exempt from Seizure

Pensions are exempt from attachment or garnishment, and from seizure under any legal process. (Sec. 11.)

Repeal of Act

The Act approved May 23, 1913, in force July 1, 1913, under which the pension fund superseded by that created by virtue of this Act operated is "expressly repealed." (Sec. 11.)

MUNICIPAL EMPLOYES' PENSION FUND—CHICAGO

Act Filed June 8, 1917, in Force July 1, 1917. Laws of Ill. 1917, p. 268. Hurd R. S. Ch. 24, Secs. 741-751.

Title

"An Act to amend sections 1, 2, 7, 8, and 9 of an Act to provide for the formation and disbursement of a pension fund in cities, villages, and incorporated towns having a population exceeding 100,000 inhabitants for municipal employes * * * ," approved May 31, 1911, in force July 1, 1911, as subsequently amended.

Beneficiaries

All employes appointed under the Civil Service Act of March 20, 1895, and those appointed prior to that time, except probationers, those less than 21 years of age, sixty day (temporary) employes, those who are sixty or more years of age and have not prior to the attainment of such age worked for the city for at least ten years, employes who are participants in some other municipal pension fund, and laborers, unless such laborers elect to become participants.

Participation compulsory as to all but laborers, voluntary as to them. (Sec. 1.)

Management

Same as in 1916. (I. P. L. C. Report 1916, p. 254.)

Revenue from Employes

Two dollars and fifty cents a month deducted from the salary of each employe. Like sums paid in by employes temporarily absent from duty. (Sec. 1.)

NOTE: In 1916, $2.00 per month from each employe.

Revenue from Other Sources

An amount, annually, equal to twice the sum deducted from salaries of employes and that paid by them in lieu of such deductions during the preceding fiscal year; such sum to be appropriated from funds resulting from licenses issued for all purposes except public utilities. (Sec. 1.)

Instead of appropriating license moneys, such city may levy a tax—not in excess of 5/10 of a mill upon each dollar of taxable property in such city—sufficient to produce an equal amount. (Sec. 1.)

NOTE: The tax levied for 1918 is about 3/10 of a mill.
In 1916, the law did not provide for a tax levy and the sum required from licenses was equal to that deducted from the salaries of employes during the preceding fiscal year. Gifts, etc., may be accepted for this fund. (Sec. 4 of original Act.)

Limitations of Payments by Employes

Deductions from salaries from date of entrance into service to date of pension or death.

An employe who retires on account of age and service before having contributed for a period of 20 years, must pay difference between the sum which

would have been contributed in that time and the actual sum contributed plus interest at 5% from date of retirement within 4 years from such date. (Sec. 7.)

If any employe retires after 20 or more years of service before attaining an age of 55 years, such employe must continue to contribute until he becomes 55 years old. If such an employe has not contributed for a period of 20 years, he must, in addition to regular contributions, pay the amount of the difference between the sum which represents 20 years of contribution and the sum actually contributed before the date of his retirement plus interest at 5% from date of retirement within one year from that date. (Sec. 8.)

NOTE: In 1916, the period for payment of shortage by service pensioner was 3 years, and that for payment by the employe who retired before being 55 years of age was 30 days.

Refunds

Same as in 1916. I. P. L. C. Report 1916, p. 255.

Conditions for Pensions to Employes

For Service Pension: Minimum age for pension 55 years. Minimum term of service 20 years. (Secs. 7 and 8.) Civil War veterans, 10 years, if 65 or more years old. (Sec. 9½.) (Act filed June 11, 1917, in force July 1, 1917. Laws of Ill. 1917, p. 266.)

For Disability Pension: Minimum term of service 5 years, subsequent to July 1, 1911. Proof of disability required from physicians designated by Board of Trustees and examination of disability pensioners must be made at least once each year. (Sec. 9.)

NOTE: Annual physical examinations not required in 1916.

Amount of Pension

For Service Pension: Fifty dollars per month, subject to deductions noted under "Limitation of Payments by Employes." (Sec. 4 original Act.)

For Disability Pension: An amount equal to that paid to a service pensioner whose contributions to the fund equal those of the disabled employe. (Sec. 9.)

Pensions Reduced by Workmen's Compensation

If any employe receives any sum or sums of money under the "Workmen's Compensation Act," his pension shall be reduced by such sum or sums. (Sec. 9.)

NOTE: Not in effect in 1916.

Provisions for Discontinuance of Pension

Pension for disability terminates when the disability ceases. Employe is restored to the service as soon as may be under the Civil Service Act of March 20, 1895. (Sec. 9.)

NOTE: In 1916, the law did not provide for restoration to active service.

Reports Concerning the Fund

The Board of Trustees shall report at least once each year to the State Superintendent of Insurance, such matters concerning the fund as he shall prescribe, and the State Superintendent of Insurance shall report upon such matters to the Governor at least once each year.

NOTE: Not in law in 1916.

Municipal Employes' Pension Fund—Chicago. Act Filed June 11, 1917, in force July 1, 1917. Laws of Ill. 1917, Page 266. Hurd R. S. Ch. 24, Sec. 749½

Title

"An Act to amend section 9½ of "An Act, etc."—The Municipal Pension Fund Act—which section applies to veterans of the Civil War."

Extends Pension to Veterans Heretofore Excluded

Any employe who served in the military or naval departments of the United States during 1861, 2, 3, 4, or 5, who is 65 years of age and has served such city at least 10 years and was not a participant in this fund, could become such by paying a sum equal to that which he would have contributed during his period of employment since July 1, 1911, on or before January 1, 1918, or the date of his retirement if he retired before that time, without interest.

NOTE: This allowed about eight old soldiers who were barred by the clause requiring 10 years of service before attainment of 60 years of age, to become beneficiaries.

HOUSE OF CORRECTION EMPLOYES' PENSION FUND—CITIES OF MORE THAN 150,000

Act Filed June 26, 1917, in Force July 1, 1917. Laws of Ill. p. 533—Hurd R. S. 1917, Ch. 67, Secs. 18-31

Title

"An Act to amend section one of an Act entitled, "An Act to provide for the setting apart, formation, and disbursement of a House of Correction Employes' Pension Fund in cities having a population in excess of 150,000 inhabitants," approved June 10, 1911, in force July 1, 1911, as subsequently amended.

Revenue from Sources Other Than Deductions from Salaries, Gifts, Etc.

Three per cent of the gross earnings of the House of Correction and 3% of the fines and costs collected for violations of city ordinances where persons have been incarcerated in the House of Correction for non-payment of such fines and costs. Both of these payments shall be for a period of three years beginning in 1917. (Sec. 1.)

NOTE: In 1916 the law provided for the same amount of revenue from these sources during 1915, 1916, and 1917 only. This Act extended the period two years.

All Other Provisions

Same as in 1916. (I. P. L. C. Report 1916, pp. 254-259.)

ILLINOIS STATE TEACHERS' PENSION AND RETIREMENT FUND ALSO TEACHERS' PENSION AND RETIREMENT FUNDS IN SCHOOL DISTRICTS OF NOT LESS THAN 10,000 NOR MORE THAN 100,000 INHABITANTS

Act Filed June 26, 1917, in Force July 1, 1917. Laws of Ill. p. 719—Hurd R. S. Ch. 122, Secs. 211

Title

"An Act to amend an Act entitled 'An Act to Establish and Maintain a System of Free Schools,' approved and in force June 12, 1909, as subsequently amended, by amending section 211 thereof."

Revenue from Sources Other Than Deductions from Salaries, Gifts, Etc.

This Act amends section 211 of the School Act by providing therein for the payment of money from the common school fund for the support of the "Illinois State Teachers' Pension and Retirement Fund" and "Public School Teachers' Pension and Retirement Funds" in cities and school districts of more than 10,000 and not in excess of 100,000 inhabitants. (Sec. 1.)

Revenue from the Common School Fund of the State

To the Illinois State Teachers' Pension and Retirement Fund, an amount equal to 1/10 of a mill upon each dollar of the assessed valuation of all taxable property in the State except that in such cities and school districts as are not included under the terms of an Act entitled "An Act in relation to an Illinois State Teachers' Pension and Retirement Fund," approved May 27, 1915, in force July 1, 1915. (Sec. 211, a.)

To the Teachers' Pension and Retirement Funds in cities and school districts of not less than 10,000 and not more than 100,000 inhabitants, an amount equal to 1/10 of a mill on each dollar of the assessed valuation of all taxable property in such cities or school districts where such pension and retirement funds are in operation pursuant to an Act entitled "An Act to enable any board of school inspectors or any body or board of officials which governs * * * any school district * * * of not fewer than 10,000 and not more than 100,000 inhabitants * * * to establish and maintain a Teachers' Pension and Retirement Fund," approved June 27, 1913, in force July 1, 1913. (Sec. 211, b.)

NOTE: This amendment does not affect the amount or source of income of the pension funds involved. In 1916, this revenue was provided for under the terms of the pension laws herein referred to. Amendments to those Acts have stricken from them the details concerning this revenue.

ILLINOIS STATE TEACHERS' PENSION AND RETIREMENT FUND

Act Filed June 26, 1917, in Force July 1, 1917. Laws of Ill. 1917, Page 747. Hurd R. S. 1917, Ch. 122, Sections 580-615

An Amendment Concerning Revenue from the Common School Fund

Amends section 23 of the Act entitled "An Act in Relation to an Illinois State Teachers' Pension and Retirement Fund," approved May 27, 1915, in force July 1, 1915, by striking therefrom the provision for the payment of moneys from the common school fund for the support of this fund.

NOTE: The Act which amended section 211 of the School Act provides for the payment of moneys from the common school fund for the support of this pension fund in manner and amount as in 1916.

TEACHERS' PENSION AND RETIREMENT FUND IN SCHOOL DISTRICTS OF 10,000 TO 100,000 (PEORIA TEACHERS' FUND)

Act Filed June 26, 1917, in Force July 1, 1917. Laws of Ill. 1917, Page 746. Hurd R. S. 1917, Ch. 122, Secs. 562-579

An Amendment Concerning Revenue from the Common School Fund

Amends section 3 of an Act entitled "An Act to enable any board of school inspectors or any body or board of officials which governs * * * any school district * * * of not fewer than 10,000 and not more than 100,000 * * * to establish and maintain a Teachers' Pension and Retirement Fund," approved June 27, 1913, in force July 1, 1913, by striking therefrom the provision for the payment of moneys from the common school funds of such districts for the support of such funds.

NOTE: The Act which amended section 211 of the School Act provides for the payment of money from the common school fund for the support of such pension funds in manner and amount as in 1916.

STATE INSTITUTIONS TEACHERS' PENSION AND RETIREMENT FUND

Act Filed June 4, 1917, in Force July 1, 1917. Laws of Ill. 1917, p. 748—Hurd R. S. 1917, Ch. 122, Secs. 616-637

Title

"An Act to Create and Administer a State Institutions Teachers' Pension and Retirement Fund."

Beneficiaries

Teachers employed in any state educational, correctional, or charitable institutions, except the University of Illinois, supported wholly or in part by public moneys of this State. (Sec. 2.)

The term "teacher" includes any teacher, teacher clerk, principal, supervisor, supervising principal, president, superintendent, assistant superintendent, certified librarian, or assistant librarian, who gives at least half time to distinctly educational work. (Sec. 22.)

Participation optional for those in service prior to July 1, 1917, (Sec. 8); compulsory for those employed on and after that date (Sec. 9).

Management

Administered by the Board of Trustees of the Illinois State Teachers' Pension and Retirement Fund as provided in the Act approved May 27, 1915. (Sec. 1.) (I. P. L. C. Report 1916, p. 260.)

Expense of administration to be paid out of this fund shall be based upon the proportion of annuitants under this fund as related to the total in this and the Illinois State Teachers' Pension and Retirement Fund, combined. (Sec. 4.)

The Board of Trustees must report annually at first meeting in June. A copy of such report shall be sent to the Superintendent of Public Instruction, who shall include such reports in his biennial reports to the Governor. (Sec. 5.)

The State Treasurer is custodian of this fund. (Secs. 10 and 12.)

Revenue from Employes

First 10 years, $1.00 per month; next 5 years, $2.00 per month; next 10 years, $6.00 per month; for first five months of teaching after July 1st in each year. Total deductions or contributions not to exceed $400.00.

All sums previously deducted for the Illinois State Teachers' Pension and Retirement Fund to be credited to the teacher concerned. (Sec. 7.)

Revenue from Other Sources

Donations, legacies, etc., such funds as the General Assembly shall from time to time appropriate, other moneys received from any legal source. (Sec. 13.)

Limitation of Payments by Employes

Minimum: a sum equal to the annual pension to which a teacher is entitled. Maximum: $400.00. The total amount to be paid is based upon 25 years of service and contribution. (Sec. 7.)

Before receiving pension on account of age and service, or disability, teacher must have paid a sum not less than $400.00 into this fund. (Sec. 15, a and b.)

Teachers satisfying service and age requirements are eligible for pension upon payment of a sum equal to that which such teacher would have paid had he or she been a contributor during such period of past service with simple interest at 4 per cent per annum. (Sec. 15, a.)

Refunds

Fifty per cent of sum paid, without interest, if contributor ceases to teach before completion of 15 years of service. (Sec. 17.)

Conditions for Pensions

For Service Pension: Attainment of 50 or more years of age (Sec. 15, a); minimum term of service 25 years, at least 15 of which shall have been in this state. (Sec. G, 15.)

For Disability Pension: Minimum term of service 15 years, of which not more than two-fifths shall have been outside of this state. (Sec. 15, b.)

One year's leave of absence for professional preparation is allowed as service. (Sec. 19.)

In computing terms of service, a year shall be a legal school year at the time and place in Illinois where service was performed. Service in other states shall be computed according to the period which constitutes a legal school year in this state. (Sec. 15, c.)

Service as county superintendent, or assistant county superintendent of schools, teacher in state schools or institutions, and teacher in public schools, as defined in the Illinois State Teachers' Pension and Retirement Fund Act, and ten years of similar teaching service in other states of the United States may be counted as part of the 25 years of service required. (Sec. 22.)

Amount of Pension Per Year

Sixteen dollars a year for each year of service; total not to exceed $400.00 a year, payable quarterly. (Sec. 16.)

Provisions for Discontinuance of Pensions

If any pensioner re-enters the teaching service of such schools or institutions, payment of pension shall be discontinued during the performance of such service, and resumed when such person retires again. (Sec. 20.)

Deductions from Salaries and Reports Concerning Same

Proper amounts shall be deducted from salaries. (Sec. 6.) Such deductions shall be based upon terms of service and corresponding classifications made by the Board of Trustees. (Sec. 7.)

The administrative officers who make such deductions shall forward them to the State Treasurer quarterly, and shall transmit annual statements regarding such sums to the State Treasurer on or before July 7th of each year. (Sec. 10.)

Investments

Funds may be invested in unencumbered realty situated in this state, worth at least 50 per cent more than the amount loaned, bonds of this state, the Sanitary District of Chicago, counties, townships, and cities of Illinois, and bonds issued by school directors for improvement of school property. (Sec. 3.) See Hurd R. S. 1917, Ch. 122, Secs. 72 and 195.

Option Regarding Participation

Persons in service July 1, 1917, may come under the provisions of this Act at any time before September 1, 1920, by notifying the Board of Trustees in writing. (Sec. 9.)

Sums Refunded to Be Returned

If a teacher who receives a refund, afterward returns to teach in any school or institution included under this Act, such teacher shall pay into this fund, within three years from date of such return a sum equal to the amount withdrawn, with 4 per cent simple interest, from the time such sum was withdrawn. (Sec. 17.)

Pensions Exempt from Seizure

Pensions cannot be pledged or assigned, and are exempt from seizure under execution or other legal process. (Sec. 21.)

NOTE: There is no provision for pensions to dependents.

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